HESSEQUA Local Municipality

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

HESSEQUA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

General Information

MEMBERS OF COUNCIL AS AT 30 JUNE 2024

Executive Mayor	Mr. G. Riddles	
Deputy Executive Mayor	Mr. M.C. van den Berg	
Speaker	Mr. A. Stroebel	(Resigned 27 June 2024)
Members of the executive committe		
	Mayor G. Riddles	
	Deputy Mayor MC van den Berg	
	Councillor G.L. Boezak	
	Councillor H.J. Saayman	
	Councillor B.C. Smith	

GRADING OF THE LOCAL AUTHORITY

B3 Local Municipality

MUNICIPAL DEMARCATION CODE

WC042

AUDITORS

Auditor-General of South Africa
No. 19 Park Lane Building, Park Lane, Century City, Cape Town
Western Cape

BANKERS

FNB
Church Street
Riversdale

LAWYERS

Panel of lawyers from local firms

REGISTERED OFFICE

Van den Berg Street	P.O. Box 29	Tel: (028) 713 8000
Riversdale	Riversdale	Fax: (086) 401 5259
6670	6670	

Webpage: www.hessequa.gov.za
E-mail: info@hessequa.gov.za

General Information (Continued)

ACCOUNTING OFFICER

Mr. ASA. de Klerk

CHIEF FINANCIAL OFFICER

Mr. G.J. Goliath

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

The Hessequa Municipality includes the following areas:

Albertinia, Gouritsmond, Heidelberg, Jongensfontein
Melkhoutfontein, Riversdal, Slangrivier, Witsand

Approval of Annual Financial Statements

Members of the Hessequa Council

Ward	Representative	
1	R.G. Davids	
2	H.J. Saayman	
3	M.C. van den Berg	
4	G.L. Boezak	
5	A.P. Daniels	
6	N.A. Joseph	
7	B. van Noordwyk	
8	C.P. Taute	
9	S. le Roux	
Proportional	G. Riddles	
Proportional	A. Stroebel	(Resigned 27 June 2024)
Proportional	B.D. Smith	
Proportional	I.T. Mangaliso	
Proportional	M.E Dayimani	
Proportional	J. Hartnick	
Proportional	L. Pieters	
Proportional	L.C. February	

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.

31 August 2024

Mr. ASA. de Klerk
Accounting Officer

Date

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Note	Actual 2024 R	Actual 2023 Restated R
ASSETS			
Current Assets		**553 413 927**	**479 330 240**
Inventories	2.	4 772 960	4 028 339
Receivables from Exchange Transactions	3.	35 254 197	35 004 605
Receivables from Non-exchange Transactions	4.	24 150 786	24 674 678
Taxes Receivable	14.	1 014 368	-
Cash and Cash Equivalents	5.	3 849 570	6 177 232
Call Investment Deposits	5.	483 671 681	408 736 371
Lease Receivables	10.	700 365	709 015
Non-Current Assets		**1 250 107 462**	**1 141 578 512**
Property, Plant and Equipment	6.	1 136 381 621	1 040 720 697
Intangible Assets	7.	192 223	207 014
Investment Property	8.	105 082 106	92 199 290
Heritage Assets	9.	8 451 512	8 451 512
Total Assets		**1 803 521 389**	**1 620 908 752**
LIABILITIES			
Current Liabilities		**208 223 108**	**129 536 384**
Consumer Deposits	11.	13 965 404	12 994 690
Trade and Other Payables	12.	64 733 323	52 499 079
Unspent Conditional Grants and Receipts	13.	74 780 373	8 859 901
Taxes Payable	14.	-	1 342 677
Lease Payables	15.	46 190	22 597
Borrowings	16.	21 950 521	23 684 885
Employee Benefit Liabilities	17.	25 292 426	24 171 686
Provisions	18.	7 454 870	5 960 870
Non-Current Liabilities		**271 477 449**	**271 472 560**
Borrowings	16.	122 421 483	144 425 210
Employee Benefit Liabilities	17.	61 110 700	61 491 316
Provisions	18.	87 945 266	65 556 034
Total Liabilities		**479 700 557**	**401 008 944**
Total Assets and Liabilities		**1 323 820 832**	**1 219 899 808**
NET ASSETS		**1 323 820 832**	**1 219 899 808**
Reserves	19.	63 779 296	3 078 791
Accumulated Surplus / (Deficit)	20.	1 260 041 537	1 216 821 017
Total Net Assets		**1 323 820 832**	**1 219 899 808**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2024
Auditing to build public confidence

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 R	2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions		**308 494 928**	**281 054 071**
Property Rates	**21.**	130 038 262	119 965 470
Fines, Penalties and Forfeits	**22.**	54 907 461	54 440 413
Licences and Permits	**23.**	2 070 269	2 019 737
Transfers and Subsidies	**24.**	109 517 466	93 379 239
Service Charges (Availability Charges)	**25.**	11 141 710	10 470 455
Interest Earned - Non-exchange Receivables	**29.**	819 760	778 756
Revenue from Exchange Transactions		**431 317 053**	**386 260 020**
Service Charges	**25.**	320 500 422	286 263 089
Sales of Goods and Rendering of Services	**26.**	50 510 390	56 900 725
Income from Agency Services	**27.**	2 997 013	3 062 218
Rental from Fixed Assets	**28.**	3 762 481	3 532 947
Interest Earned - Exchange Receivables	**29.**	2 840 266	2 330 501
Interest Earned - External Investments	**29.**	43 386 407	29 341 031
Operational Revenue	**30.**	7 320 075	4 829 509
Total Revenue		**739 811 981**	**667 314 092**
EXPENDITURE		**653 444 825**	**605 076 568**
Employee Related Costs	**31.**	218 342 914	210 125 342
Remuneration of Councillors	**32.**	8 470 688	8 412 974
Depreciation and Amortisation	**33.**	42 605 142	37 623 431
Bad Debt Written-off	**34.**	48 408 183	48 229 525
Impairment Losses - Receivables	**34.**	9 763 395	1 113 400
Finance Cost	**35.**	22 035 450	20 629 676
Bulk Purchases	**36.**	157 153 258	139 141 289
Contracted Services	**37.**	66 857 383	63 942 299
Inventory Consumed	**38.**	42 737 368	42 311 711
Transfers and Subsidies Paid	**39.**	1 835 047	1 848 891
Operating Leases	**40.**	1 822 995	1 874 845
Operational Costs	**41.**	33 413 001	29 823 186
Total Expenditure		**653 444 825**	**605 076 568**
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		**86 367 155**	**62 237 523**
Other Gains and Losses:			
Other Operations:			
Gains	**42.**	19 031 283	26 584 997
Losses	**42.**	(1 354 359)	(2 857 256)
Disposal of Capital Assets:			
Gains	**43.**	852 597	1 864 520
Losses	**43.**	(1 391 460)	660 242
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**17 138 062**	**26 252 504**
SURPLUS / (DEFICIT) FOR THE YEAR		**103 505 218**	**88 490 027**

Refer to Statement of Comparison of Budget and Actual Amounts for explanation of budget variances

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2023			
Balance at 30 June 2022	2 943 510	1 136 098 121	1 139 041 631
Correction of Error (Note 45)	-	(7 631 851)	(7 631 851)
Restated Balance	**2 943 510**	**1 128 466 271**	**1 131 409 781**
Surplus / (Deficit) as per prior 2022/23 AFS	-	83 915 774	83 915 774
Correction of Error (Note 45)		4 574 253	4 574 253
Restated Surplus / (Deficit) for the year	-	88 490 027	88 490 027
Transfers to / (from) Accumulated Surplus	135 281	(135 281)	-
Balance at 30 June 2023	**3 078 791**	**1 216 821 017**	**1 219 899 808**
2024			
Surplus / (Deficit) for the year	-	103 505 218	103 505 218
Correction of Error		415 807	415 807
Transfers to/from Accumulated Surplus	60 700 505	(60 700 505)	-
Balance at 30 June 2024	**63 779 296**	**1 260 041 537**	**1 323 820 832**

Details on the movement of the Funds and Reserves are set out in Note 19.

HESSEQUA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024	2023 Restated
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		128 763 409	118 322 770
Fines, Penalties and Forfeits		11 618 462	11 731 728
Transfers and Subsidies		198 789 893	125 988 002
Service Charges		322 274 270	295 035 264
External Interest and Dividends Received		43 386 407	29 341 031
Other Receipts		44 753 617	42 676 095
Payments			
Employee Related Costs		(208 965 563)	(201 460 058)
Remuneration of Councillors		(8 470 688)	(8 412 974)
External Interest and Dividends Paid		(15 818 645)	(13 368 240)
Suppliers Paid		(297 005 931)	(285 209 909)
VAT Paid		(1 071 986)	(378 551)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**47**	**218 253 245**	**114 265 158**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(122 793 465)	(83 879 693)
Proceeds / (Losses) on Disposal of Property, Plant and Equipment		-	2 291 230
Proceeds on Disposal of Investment Property		852 597	1 351 702
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(121 940 868)**	**(80 236 762)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Borrowings (Loans Taken-on)		-	40 000 000
Decrease in Borrowings (Loans Redeemed)		(23 704 728)	(21 791 054)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(23 704 728)**	**18 208 946**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**72 607 648**	**52 237 342**
Cash and Cash Equivalents at Beginning of Financial Year	**5**	414 913 603	362 676 261
Cash and Cash Equivalents at End of Financial Year	**5**	487 521 251	414 913 603

HESSEQUA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget (accrual based)	Final Budget (accrual based)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
FINANCIAL POSITION						
Current Assets						
Cash and Cash Equivalents	306 551 089	457 087 052	487 521 251	30 434 199	6.66%	59.03%
Trade and Other Receivables from Exchange Transactions	26 256 120	41 387 179	35 254 197	(6 132 982)	-14.82%	34.27%
Receivables from Non-exchange Transactions	27 895 024	24 269 092	24 150 786	(118 306)	-0.49%	-13.42%
Inventory	3 636 079	4 454 540	4 772 960	318 420	7.15%	31.27%
Taxes Receivable	10 263 187	10 263 187	1 014 368	(9 248 819)	-90.12%	-90.12%
Other Current Assets (Lease Receivables)	872 530	872 530	700 365	(172 165)	-19.73%	-19.73%
Non-Current Assets						
Investment Property	91 486 333	92 086 333	105 082 106	12 995 773	14.11%	14.86%
Property, Plant and Equipment	1 043 493 002	1 137 372 911	1 136 381 621	(991 290)	-0.09%	8.90%
Heritage Assets	8 565 108	8 565 108	8 451 512	(113 596)	-1.33%	-1.33%
Intangible Assets	368 920	368 920	192 223	(176 697)	-47.90%	-47.90%
Total Assets	1 519 387 392	1 776 726 852	1 803 521 389	26 794 537	1.51%	18.70%
Current Liabilities						
Financial Liabilities (Borrowings + Lease Payables)	23 858 032	24 349 510	21 996 712	(2 352 798)	-9.66%	-7.80%
Consumer Deposits	13 060 147	13 976 742	13 965 404	(11 338)	-0.08%	6.93%
Trade and Other Payables from Exchange Transactions	53 818 229	61 875 286	64 733 323	2 858 037	4.62%	20.28%
Trade and Other Payables from Non-exchange Transactior	3 300 000	4 100 000	74 780 373	70 680 373	1723.91%	2166.07%
Provision (Employee Benefit Liabilities)	24 369 948	24 369 948	32 747 296	8 377 348	34.38%	34.38%
Non-Current Liabilities						
Financial Liabilities	176 004 889	120 075 700	122 421 483	2 345 783	1.95%	-30.44%
Provision	145 779 478	145 779 478	149 055 966	3 276 488	2.25%	2.25%
Total Liabilities	440 190 723	394 526 664	479 700 557	85 173 893	21.59%	8.98%
Total Assets and Liabilities	**1 079 196 669**	**1 382 200 188**	**1 323 820 832**	**(58 379 356)**	**-4.22%**	**22.67%**
Net Assets (Equity)						
Accumulated Surplus / (Deficit)	1 051 054 086	1 354 057 605	1 260 041 537	(94 016 068)	-6.94%	19.88%
Reserves and Funds	28 142 583	28 142 583	63 779 296	35 636 713	126.63%	126.63%
Total Net Assets	**1 079 196 669**	**1 382 200 188**	**1 323 820 832**	**(58 379 356)**	**-4.22%**	**22.67%**

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Cash and Cash Equivalents:

Varience due to delays in the Solar Project of R68 Million that increased the cash equivalents at year end.

Trade and Other Receivables from Exchange Transactions:

Collection Rate was higher than budgeted and therefore less debtors oustanding.

Inventory:

Stock procurement more than anticipated and less stock issues occurred at year end.

Taxes Receivable:

The difference is as a result of netting off the VAT receivable for the financial year against the VAT payable for the financial year.

Other Current Assets: :

New lease contracts were not entered into to realise higher revenue projections.

Investment Property:

Fair Value Adjustments for investment property were higher than expected and occurred after Adjustment Budget approval.

Intangible Assets:

The budgeted increases to Intangible Assets did not materialise as expected.

Financial Liabilities: :

The assumption used for the calculation of the current portion yielded higher projected budget.

Trade and Other Payables from Exchange Transactions:

The varance in the trade and other payables is because of re-classification of the leave accrual. Another reason is the reclassification of the unspent library funding as payments received in advance

Trade and Other Payables from Non-exchange Transactions:

The variance is due to the SOLAR Grant being received late and the SCM process still underway at year end.

Provision:

The variance in the provisions is because of re-classification of the leave accrual and slight under providing for employee benefits.

Accumulated Surplus / (Deficit):

All line items that contributed to this variance is explained above.

Reserves and Funds:

Accounting treatment for the CRR was changed after approval of the budget.

HESSEQUA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget (accrual basis)	Final Budget (accrual basis)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
FINANCIAL PERFORMANCE						
Exchange Revenue						
Service Charges - Electricity	217 086 129	205 699 381	204 276 607	(1 422 774)	-0.69%	-5.90%
Service Charges - Water	51 060 330	51 060 330	53 166 681	2 106 351	4.13%	4.13%
Service Charges - Waste Water Management	28 891 932	28 443 390	28 865 299	421 909	1.48%	-0.09%
Service Charges - Waste Management	32 903 784	32 903 784	34 191 835	1 288 051	3.91%	3.91%
Sales of Goods and Rendering of Services	20 157 337	48 623 337	50 510 390	1 887 053	3.88%	150.58%
Agency Services	3 310 597	3 310 597	2 997 013	(313 584)	-9.47%	-9.47%
Interest earned from Receivables	2 034 705	2 476 202	2 840 266	364 064	14.70%	39.59%
Interest earned from Current and Non-current Assets	25 299 029	25 299 029	43 386 407	18 087 378	71.49%	71.49%
Rental from Fixed Assets	3 678 354	3 678 354	3 762 481	84 127	2.29%	2.29%
Operational Revenue	5 315 818	5 533 578	7 320 075	1 786 497	32.28%	37.70%
Non-exchange Revenue						
Property Rates	127 035 725	128 185 725	130 038 262	1 852 537	1.45%	2.36%
Fines, Penalties and Forfeits	57 895 621	57 904 598	54 907 461	(2 997 137)	-5.18%	-5.16%
Licences or Permits	2 273 637	2 273 637	2 070 269	(203 368)	-8.94%	-8.94%
Transfer and Subsidies - Operational	106 786 823	80 484 651	63 784 924	(16 699 727)	-20.75%	-40.27%
Interest	189 856	782 000	819 760	37 760	4.83%	331.78%
Operational Revenue	11 907 761	11 925 256	11 141 710	(783 546)	-6.57%	-6.43%
Gains on Disposal of Assets	1 000 000	1 000 000	852 597	(147 403)	-14.74%	-14.74%
Other Gains	-	-	19 031 283	19 031 283	0.00%	0.00%
Total Revenue	696 827 438	689 583 849	713 963 319	24 379 470	3.54%	2.46%
Expenditure						
Employee Related Costs	232 085 085	224 742 342	218 342 914	(6 399 428)	-2.85%	-5.92%
Remuneration of Councillors	9 344 593	9 323 558	8 470 688	(852 870)	-9.15%	-9.35%
Bulk Purchases - Electricity	180 885 649	170 848 745	157 153 258	(13 695 487)	-8.02%	-13.12%
Inventory Consumed	52 204 846	45 925 970	42 737 368	(3 188 602)	-6.94%	-18.14%
Debt Impairment	-	-	9 763 395	9 763 395	0.00%	0.00%
Depreciation and Amortisation	43 312 123	43 312 014	42 605 142	(706 872)	-1.63%	-1.63%
Interest	20 821 125	20 821 125	22 035 450	1 214 325	5.83%	5.83%
Contracted Services	80 085 115	89 529 519	66 857 383	(22 672 136)	-25.32%	-16.52%
Transfers and Subsidies	1 686 455	1 954 381	1 835 047	(119 334)	-6.11%	8.81%
Irrecoverable Debts Written-off	61 782 618	55 268 380	48 408 183	(6 860 197)	-12.41%	-21.65%
Operational Costs	46 050 201	46 180 454	35 235 996	(10 944 458)	-23.70%	-23.48%
Losses on Disposal of Assets	-	-	1 391 460	1 391 460	0.00%	0.00%
Other Losses	-	-	1 354 359	1 354 359	0.00%	0.00%
Total Expenditure	728 257 810	707 906 488	656 190 644	(51 715 844)	-7.31%	-9.90%
Surplus / (Deficit)	(31 430 372)	(18 322 639)	57 772 676	76 095 315	-415.31%	-283.81%
Transfers and Subsidies - Capital (Monetary Allocations)	34 138 643	121 084 643	45 295 022	(75 789 621)	-62.59%	32.68%
Transfers and Subsidies - Capital (In-kind Allocations)	-	303 211	437 519	134 308	44.30%	0.00%
Surplus/(Deficit for the Year	**2 708 271**	**103 065 215**	**103 505 218**	**440 003**	**0.43%**	**3721.82%**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% and material between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Revenue:

Agency Services:

Less revenue than budgeted for the year was received from agency services (drivers licences and vehicle registrations)

Interest earned from Receivables:

The positive deviation on Interest Earned from outstanding debtors can be attributed to an increase in outstanding debtors and the persisting higher interest rates which is favourable.

Interest earned from Current and Non-current Assets:

The deviation can be attributed to more funds being available for investments than budgeted for and more favourable interest rates obtained.

Operational Revenue:

The positive deviation from the budget can largely be attributed to development charges, where the revenue was more than the budgeted amount for the year.

Fines, Penalties and Forfeits:

The deviation can be attributed to considerably less fines being issued in the fourth quarter due to staff shortages relating to disciplinary processes taking place in the traffic department.

Licences and Permits:

The deviation can be attributed to less revenue from boat and vehicle licences than anticipated

Transfers and Subsidies:

The deviation represents the unspent portion of grants for the 2023/2024 financial year. Rollover applications was submitted to the National- and Provincial Treasuries, where applicable.

Operational Revenue:

Less availability charges were billed due to slightly lower growth.

Gains on Disposal of Assets:

Less income realised from disposal of assets than anticipated

Other Gains:

Year end transactions on Gains were not foreseen during the budget process.

Expenditure: Remuneration of Councillors:

Savings in office-bearers allowances as the upper limits were not published for implementation.

Bulk Purchases - Electricity:

The deviation can be attributed to less demand for electricity including load-shdding during the year, which had a knock on effect on electricity purchases from

Inventory Consumed:

The deviation can be attributed to savings on inventory and fuel costs. The inventory balance was also higher at year end due to decreased inventory consumed at year-end.

Interest:

The deviation is due to the Landfill sites provision being more than anticipated.

Contracted Services:

The deviation largely represents the Housing Grant (including transfers) where around R9 869 050 remain unspent. R1 476 438 remains unspent on the Library Replacement Funds Grant due to VAT related issues. The rest of the unspent funds represents savings throughout the whole municipality which in part can be attributed to the implementation of cost containment measures in the municipality.The rest of the unspent funds represents savings throughout the whole municipality which in part can be attributed to the implementation of cost containment measures in the municipality.

Transfers and Subsidies:

Savings on disaster grant-in aid, due to less fire incidents being recorded in the financial year.

Irrecoverable Debts Written-off:

Less Irrecoverable Debt write- offs than anticipated/ budgeted

Operational Costs:

Savings on operating costs include Travel and Subsistence, Software Licence fees, registration fees, communication, Workmen's Compensation Fund and Skills Development Levies.

Losses on Disposal of Assets:

The municipality did not budget for losses as it normally has a net surplus. Accounting treatment is changed to recognise gains and losses separately.

Other Losses:

The municipality did not budget for losses as it normally has a net surplus. Accounting treatment is changed to recognise gains and losses separately.

Transfers and Subsidies - Capital (Monetary Allocations):

Due to solar PV project still being in the SCM process.

Transfers and Subsidies - Capital (In-kind Allocations):

Additional support provided during the year.

30 June 2024

Description	Original Budget (accrual basis)	Final Budget (accrual basis)	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION						
Executive and Council	76 000	82 407	76 738	(5 669)	-6.88%	0.97%
Finance and Administration	10 229 875	8 794 219	8 402 698	(391 521)	-4.45%	-17.86%
Internal Audit	20 000	18 668	18 667	(1)	0.00%	-6.66%
Community and Social Services	586 500	961 049	898 024	(63 025)	-6.56%	53.12%
Sport and Recreation	1 864 700	2 209 276	2 010 566	(198 710)	-8.99%	7.82%
Public Safety	3 074 500	1 809 492	1 615 212	(194 280)	-10.74%	-47.46%
Housing	2 000 000	7 467 702	1 067 646	(6 400 056)	-85.70%	-46.62%
Planning and Development	55 000	40 913	40 872	(41)	-0.10%	-25.69%
Road Transport	33 707 550	47 194 387	45 763 901	(1 430 486)	-3.03%	35.77%
Environmental Protection	170 000	168 110	161 797	(6 313)	-3.76%	-4.83%
Energy Sources	24 242 593	95 869 447	25 147 149	(70 722 298)	-73.77%	3.73%
Water Management	19 050 000	19 803 763	18 498 582	(1 305 181)	-6.59%	-2.89%
Waste Water Management	15 155 710	19 700 225	19 403 059	(297 166)	-1.51%	28.02%
Waste Management	150 000	142 570	126 074	(16 496)	-11.57%	-15.95%
Total Capital Expenditure	**110 382 428**	**204 262 228**	**123 230 985**	**(81 031 243)**	**-39.67%**	**11.64%**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Executive and Council:

Variance represents items budgeted for the council chambers, not being procured and savings realised.

Community and Social Services:

One tenderer failed to implement a project and had his contract terminated. The project was rolled over to 2024/2025

Sport and Recreation:

The deviation largely represents a saving of R172 139 realised on the purchase of a Double Cab Truck Tipper for Parks.

Public Safety:

The deviation largely represents an unspent amount of R1 165 789.00 relating to the Municipal Disaster Relief Grant. The project is scheduled for completion in the 2024/2025 financial year. A rollover application was submitted for the unspent balance.

Housing:

The projects for housing were found to be operating in nature instead of capital. The budget on capital remained unspent.

Energy Sources:

The deviation represents an unspent amount of R68 315 814.00 which relates to the Municipal Energy Resilience Grant received from Provincial Treasury. The project was pending final award due to the Section 33 processes being followed. A rollover application was submitted for the unspent balance. Savings were also realised on other projects including "Upgrade CBS at Ladysmith Substation", "Upgrade CBS Museum Substation", "Project 1: Bill 6.0: S/B: MV Cable", and "Cable and Fault detectors".

Water Management:

Savings were realised on the Water Treatment Works Upgrade in Albertinia (R1 082 801.76), while the amount of R214 500 allocated to the "New Reservoir & Pumps - GLS- Still Bay West" project was not spent.

Waste Management:

Savings were realised on the capital projects.

HESSEQUA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget	Variance as % of Original Budget
	R	R	R	R	R	R
CASH FLOW						
Cash Flow from Operating Activities						
Receipts						
Property Rates	124 505 013	126 437 013	128 763 409	2 326 396	1.84%	3.42%
Service Charges	340 322 689	329 002 395	322 274 270	(6 728 125)	-2.05%	-5.30%
Other Revenue	41 675 466	249 018 219	56 372 079	(192 646 140)	-77.36%	35.26%
Transfers and Subsidies - Operational	106 786 823	104 941 251	153 057 352	48 116 101	45.85%	43.33%
Transfers and Subsidies - Capital	32 638 643	117 007 215	45 732 542	(71 274 673)	-60.91%	40.12%
Interest	25 299 029	25 299 029	43 386 407	18 087 378	71.49%	71.49%
Payments						
Suppliers and Employees	(607 085 180)	(665 513 135)	(513 679 122)	151 834 013	-22.81%	-15.39%
Finance Charges	(16 321 125)	(16 321 125)	(15 818 645)	502 480	-3.08%	-3.08%
Transfers and Subsidies	(1 686 455)	(1 714 381)	(1 835 047)	(120 666)	7.04%	8.81%
Net Cash from/(used) Operating Activities	**46 134 903**	**268 156 481**	**218 253 245**	**(49 903 236)**	**-18.61%**	**373.08%**
Cash Flows from Investing Activities						
Receipts						
Proceeds on Disposal of Property, Plant and Equipment	1 000 000	1 000 000	852 597	(147 403)	-14.74%	-14.74%
Payments						
Capital Assets	(110 382 428)	(204 262 228)	(122 793 465)	81 468 763	-39.88%	11.24%
Net Cash from/(used) Investing Activities	**(109 382 428)**	**(203 262 228)**	**(121 940 868)**	**81 321 360**	**-40.01%**	**11.48%**
Cash Flows from Financing Activities						
Receipts						
Borrowing Long-term/Refinancing	52 062 800	-	-	-	0.00%	-100.00%
Increase/(Decrease) in Consumer Deposits	1 137 228	1 137 228	-	(1 137 228)	-100.00%	-100.00%
Payments						
Repayment of Borrowing	(23 858 032)	(23 858 032)	(23 704 728)	153 304	-0.64%	-0.64%
Net Cash from/(used) Financing Activities	**29 341 996**	**(22 720 804)**	**(23 704 728)**	**(983 924)**	**4.33%**	**-180.79%**
Net Increase/(Decrease) In Cash Held	**(33 905 529)**	**42 173 449**	**72 607 648**	**30 434 200**	**72.16%**	**-314.15%**
Cash/Cash Equivalents at the Year Begin:	324 635 812	414 913 603	414 913 603	60 868 399	0.00%	27.81%
Cash/Cash Equivalents at the Year End:	290 730 283	457 087 052	487 521 251	30 434 199	6.66%	67.69%

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HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Cash Flow Statement: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Other Revenue:

Less income than anticipated.

Transfers and Subsidies - Operational:

Operational grants were realised above the budget value due to Housing project

Transfers and Subsidies - Capital:

The lower cash inflow is due to unspent grants at year- end. The municipality applied for rollovers of the unspent funds from the National and Provincial Governments

Interest:

The positive variance can be attributed to persisting favourable interest rates and more funds being available for investment throughout the financial year

Suppliers and Employees:

Savings on various categories including bulk electrical services, contracted services, inventory and operational costs

Transfers and Subsidies:

Additional support provided during the year.

Proceeds on Disposal of Property, Plant and Equipment:

More income from auction than anticipated.

Capital Assets:

The underexpenditure on the capital budget is largely due to unspent grants and savings realised on capital projects financed from internal funds. Rollover applications was sent to the National and Provincial Governments, where applicable.

Increase/(Decrease) in Consumer Deposits:

Consumer deposits increases included in Other Revenue amount.

Net Increase/(Decrease) In Cash Held:

All line items that contributed to this variance is explained above.

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

The Municipality embarked on a project to reclassify all relevant line items in terms of the mSCOA item GUID numbers to be fully compliant during the 2023/2024 financial year. Due to the scope of the project, a large number of reclassifications and restatements have been made. Refer to note 44 for the details.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- Estimation of Meter Readings:
  Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

- Estimation of unused Prepaid Metered Services:
  Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers. At the reporting date, an accrual is made based on the average monthly consumption of consumers.

- Revenue for Traffic Fines:
  There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines, as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water after the depth of water in the reservoirs has been determined, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 3 of the accounting policy notes to the Annual Financial Statements.

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

- Impairment of Traffic Fines:
  Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions, Receivables from Non-exchange Transactions and that of Long-term Receivables are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

1.2.6 Recognition and Derecognition of Land

The municipality assesses whether it controls or does not control land by considering the principles contained in IGRAP 18.

The municipality is assessed to control land of which it is not the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality controls the land, the following factors are considered in applying its judgement:

- The municipality acts as the custodian of the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land.
- The municipality is required / granted a right to use the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives.

The municipality is assessed to not control land of which it is the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosure are made in the relevant Notes to the Financial Statements. In order to assess that the municipality does not control the land, the following factors are considered in applying its judgement:

- Another entity acts as the custodian of the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land.
- Another entity is required / granted a right to use the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but control and substantive rights were transferred. This land is not recognised by the municipality.

1.2.7 Fair Value Estimations

As described in Accounting Policy 9.2, the municipality subsequently measures its Investment Property in terms of the Fair Value Model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the current valuations, and more specific as follows:

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

1.2.8 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies 7.3 and 8.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. The municipality assesses at each reporting date whether there is any indication that the useful live of an asset has changed. If any such indication exists the useful live is changed.

1.2.9 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Heritage Assets, and Inventories

Accounting Policy 11 on Impairment of Assets and Accounting Policy 3.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets, impairment testing of Investment Property and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE, Intangible Assets and Investment Property and the Net Realisable Value for Inventories involves significant judgment by management.

1.2.10 Service Concession Arrangements

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

1.2.11 Defined Benefit Plan Liabilities

As described in Accounting Policy 17.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 17 to the Annual Financial Statements.

1.2.12 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

The provision for rehabilitation of landfill sites is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate landfill sites at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management refer to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.2.13 Principals and Agent Arrangements

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a bidding arrangement in which one entity (an agent), undertakes transactions with third panes on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement. it assesses it is the principal or the agent in accounting for revenue. expenses, assets and / or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf at the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal - agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

Municipality's assessment outcomes

The municipality is assessed to be the principal and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP. In order to assess that the municipality is the principal, the following factors were considered in applying its judgement:

- The municipality acts as a principal for the service provider, Ontec, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for a number of service providers, which acts as an agents for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, Syntell, who acts as an agent for the municipality with regards to the supply, delivery and administrative support of traffic fines collections and camera equipment with related operational support within the municipal Area.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Western Cape Government: Department of Transport and Public Works for issuing licenses and permits and collects monies on their behalf.

1.2.14 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

1.2.15 Budget Information

Municipalities are typically subject to budgetary limits in the form of budget authorisations, which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the legally adopted budget.

The financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period are disclosed separately in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.16 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

1.5 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been issued by the Accounting Standards Board but are not yet effective for the financial year ended 30 June 2024. The municipality has not early adopted these standards, and their impact on future financial statements is being assessed.

Additionally, these standards and interpretations are not always relevant to the municipality's operations and are indicated as such below:

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Planned Date for Application by Municipality
• **GRAP 1**	**Presentation of Financial Statements**	Not yet determined	Not yet determined
Nature of Changes:	Revised requirements on the presentation of financial statements, focusing on materiality and going concern considerations.		
Expected Impact:	Enhances clarity in financial reporting by requiring entities to tailor disclosures based on materiality, ensuring relevant information is highlighted. It also strengthens the assessment and disclosure of going concern uncertainties.		
• **GRAP 103**	**Heritage Assets**	Not yet determined	Not yet determined
Nature of Changes:	Revised guidance on accounting for heritage assets, including recognition, measurement, and disclosure.		
Expected Impact:	Promotes consistent and accurate valuation of heritage assets, reflecting their cultural, historical, or environmental significance. Improved disclosure requirements enhance transparency regarding these assets' value and management.		
• **GRAP 104**	**Financial Instruments**	01/04/2025	01/04/2025
Nature of Changes:	Updates the classification, measurement, and impairment requirements of financial instruments to align with international standards like IFRS 9. The revised GRAP 104 aligns more closely with international standards, particularly concerning the classification and measurement of financial instruments.		
Expected Impact:	Changes in classification (amortized cost, fair value) and a shift to an expected credit loss model for impairment will impact how financial assets and liabilities are recognized and measured, potentially leading to more timely recognition of credit losses. It is unlikely that there will be a material impact on the municipality's financial statements.		
• **GRAP 105, 106 & 107**	**Transfers and Mergers**	Not yet determined	Not yet determined
Nature of Changes:	Provides guidance on accounting for transfers of functions between entities and mergers, both under common and not under common control.		
Expected Impact:	Affects the recognition, measurement, and disclosure of assets and liabilities transferred during organizational changes, ensuring that the financial statements accurately reflect the impact of such transfers and mergers.		

• **iGRAP 22**	**Foreign Currency Transactions**	01/04/2025	01/04/2025
Nature of Changes:	Clarifies accounting for foreign currency transactions involving advance consideration, ensuring alignment with IFRS standards. This interpretation provides guidance on how to determine the exchange rate to use on the date of a foreign currency transaction when consideration is paid or received in advance.		
Expected Impact:	This standard impacts how exchange rate differences are recognized for transactions where payment is received or made in advance, potentially leading to changes in revenue and expense recognition timing based on exchange rate movements. The municipality is currently assessing the impact of this interpretation. It is expected to clarify the treatment of foreign currency transactions involving advance payments, which may affect the timing and amount of revenue or expense recognition.		
	Improvements to Standards of GRAP, 2023	Not yet determined	Not yet determined
Nature of Changes:	Minor amendments made to align with international best practices and address stakeholder feedback.		
Expected Impact:	Aims to improve consistency and clarity in financial reporting by incorporating minor changes across various standards, ensuring alignment with global accounting practices and stakeholder expectations. Specific impacts vary depending on the nature of the amendments.		

2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2023 to 30 June 2024.

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

3.2 Subsequent Measurement

3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the First-in-First-out Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost . The cost is determined using the FIFO Method. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

3.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a Weighted Average Method. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

3.2.4 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investment Deposits	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables, and are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

4.3.2 Financial Liabilities:

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not impaired, as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

4.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Exchange Transactions:
- VAT Receivable

The municipality has the following Statutory Receivables from Non-exchange Transactions:
- Assessment Rates
- Fines

5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:
- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:
- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

6. CONSTRUCTION CONTRACTS

Construction Contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group) of items must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

The municipality assessed all of the contracts in place and found that all of the contracts pertained to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme. All of these contracts for the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost plus or cost based contract the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

7.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

7.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Buildings		**Community**	
Improvements	5 - 50	Community Facilities	6 - 135
		Recreational Facilities	6 - 135
Infrastructure			
Electricity	8 - 57	**Other**	
Roads and Paving	10 - 100	Emergency Equipment	2 - 30
Sanitation	10 - 36	Motor Vehicles	4 - 23
Solid Waste	7 - 100	Office Equipment	1 - 23
Water	8 - 100	Plant and Equipment	1 - 20
		Security Equipment	5

The municipality reviews the estimates of the useful lives and residual values in accordance with Accounting Policy Estimation of Useful Lives.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

7.4 Specific Arrangements

7.4.1 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

7.4.2 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

7.4.3 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

7.4.4 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

7.4.5 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that are included in Council's Property, Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

7.5 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised.

8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

8.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	7 - 20		Water Rights	30

Intangible assets are tested annually for impairment, including intangible assets not yet available for use. Intangible assets with an indefinite useful life are tested for impairment whenever there are indications of impairment. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable amount.

The municipality reviews the estimates of the useful lives, residual values and amortisation method at each year-end.

8.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised.

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease in the capacity as lessee and where it is being sublet) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

If the Municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy for property, plant and equipment).

9.2 Subsequent Measurement

Investment Property is measured using the Fair Value Model. Investment Property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset, if necessary. A gain or loss arising from a change in the fair value of Investment Property is included in Surplus or Deficit for the period in which it arises.

If the municipality determines that the fair value of an Investment Property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that Investment Property at cost until the fair value can be reliably determined or construction has been completed.

9.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised.

10. HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

Heritage assets are tested annually for impairment. Where items of heritage assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable amount.

10.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised.

11. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

11.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

11.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit. Any impairment loss of a revalued asset reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

12. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit excluding indigent customers. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants and receipts are subject to specific conditions and can be received from both government and public. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables.

14. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

14.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Leases are classified as Finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality.

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

15.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality’s net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality’s net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service, except for non-accumulating benefits which are only recognised when the specific event occurs. The liability for short-term employee benefits ar shown as employee benefit liabilities in the Statement of Financial Position.

17.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

17.1.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

17.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

17.1.4 Paid Absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

17.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

17.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

(a) Service Cost, comprising:
- Current Service Cost
- Settlements
- Past Service Cost, comprising:;
  (1) Plan Amendments
  (2) Curtailments

(b) Net Interest Revenue / Expense

(c) Remeasurements, comprising:
- Actuarial Gains and Losses
- Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
- Any change in the Effect of the Asset Ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

17.3 Termination Benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan.

Termination Benefits to employees is recognised as en expense in the Statement of Financial Performance and as a liability in the Statement of Financial Position when the municipality can no longer withdraw the offer of those benefits.

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- All capital contributions not used in the current year of assessment should be ringfenced to the next year of assessment.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

18.1.2 Housing Development Fund (HDF):

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

18.1.3 Non-current Provisions Fund:

The following Trust Funds are accumulated in the Non-current Provisions Fund:

18.1.3.1 Development Fund for the Maintenance and Operation of Nature Areas in Still Bay:

The Development Fund for the Maintenance and Operation of Nature Areas in Still Bay was established in terms of section 76.2 of the Municipal Ordinance, 1974 (Ordinance 20 of 1974) with the sanction of the Premier on 14 August 1998.

18.1.3.2 Elsje Koorts Tuberculosis Fund:

The Elsje Koorts Tuberculosis Fund was established in terms of clause 4 of the last will and testament of the late Elsje Koorts, and states inter alia that “the remainder of my estate will be used for the treatment of tuberculosis cases in Riversdale…”.

Subsequent interest earned on the invested funds are accounted for using the accrual basis and are added to the carrying amount of trust funds. The accrued interest is utilised as per the trust funds conditions as set out above.

These funds are invested in a ring-fenced investment account.

19. REVENUE RECOGNITION

19.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality, and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities’ activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

19.2 Revenue from Non-exchange Transactions

19.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

19.2.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates, based on past experience of amounts collected, to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

Subsequently the municipality assesses the probability of collecting revenue when accounts fall into arrears, and an impairment loss is recognised where appropriate.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

19.2.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

19.2.4 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

19.2.5 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use under the control of the municipality.

19.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

19.2.7 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

19.2.8 Unclaimed Deposits

All unclaimed deposits are initially recognised as a liability until thirty six months expires when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of thirty six months. This assessment is performed annually at 30 June.

19.2.9 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

19.3 Revenue from Exchange Transactions

19.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service Charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service Charges relating to sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, applying the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

19.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

19.3.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

19.3.4 Income from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

19.3.5 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

19.3.6 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

19.3.7 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

22. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

23. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

26. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Management judgement is required when recognising and measuring contingent liabilities.

28. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

29. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Executive and Council.
- Finance and Administration.
- Community and Social Services.
- Road Transport.
- Energy Sources.
- Waste Management.
- Wastewater Management.
- Water Management.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as descriped in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

30. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No. 89 of 1991).

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit Risk.
- Liquidity Risk.
- Market Risk.

32. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

	2024	2023
	R	R

1. GENERAL INFORMATION

Hessequa Municipality (the municipality) is a local municipality in Riversdale, Western Cape, and is one of seven local municipalities under the jurisdiction of the Garden Route District Municipality. The municipal area includes the towns of Albertinia, Gouritsmond, Heidelberg, Riversdale, Slangrivier, Still Bay, Jongensfontein, Melkhoutfontein,Witsand as well as rural areas. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2024	2023
Consumables	3 450 192	2 721 996
Land	841 077	843 027
Water	481 690	463 316
Total Inventories	**4 772 960**	**4 028 339**

Consumables are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Land Inventory relates to property for future development. The council has approved a housing pipeline. The identified land on which this future housing development will be constructed, had been transfered from PPE to inventory. A calculation was made per square meter to determine the value of the actual inventory.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required. The municipality recognises purification as well as employee cost in respect of non-purchased purified water inventory. The Municipality also has raw, untreated water in stock in the Olive Grove Dam of about 250 000 cubic meters. In its present form, this water stock cannot be sold and needs to be purified and therefore, it's fair value has been estimated at the direct cost of the department less cost of chemicals, divided by the kiloliters sold.

The cost of Inventories recognised as an expense includes R42 737 368 (2023: R42 311 711), made up as follows:

	2024	2023
Consumables	17 162 309	20 468 209
Materials and Supplies	18 332 813	14 976 930
Water	7 242 247	6 866 572
Total Inventories Expensed	**42 737 368**	**42 311 711**

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	61 195 536	30 663 936	30 531 600
Electricity	20 147 017	2 979 442	17 167 575
Refuse	11 616 210	8 212 883	3 403 327
Sewerage	10 234 652	7 351 037	2 883 614
Merchandising, Jobbing and Contracts	1 065 540	-	1 065 540
Water	18 132 118	12 120 573	6 011 544
Other Receivables	4 320 531	3 594 679	725 852
Prepayments and Advances	3 769 963	-	3 769 963
Deposits	226 782	-	226 782
Total Receivables from Exchange Transactions	**69 512 812**	**34 258 615**	**35 254 197**

Restated	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	51 309 184	22 032 569	29 276 615
Electricity	19 005 674	1 742 231	17 263 443
Refuse	9 325 863	6 015 068	3 310 795
Sewerage	8 164 098	5 565 185	2 598 913
Merchandising, Jobbing and Contracts	412 095	-	412 095
Water	14 401 455	8 710 086	5 691 369
Other Receivables	4 567 664	3 014 623	1 553 040
Prepayments and Advances	3 855 168	-	3 855 168
Deposits	319 782	-	319 782
Total Receivables from Exchange Transactions	**60 051 798**	**25 047 193**	**35 004 605**

Other Receivables include outstanding debtors for various other services, Deposits, Interest, Rentals and Sundry Services etc.

Receivables from Exchange Transactions are billed monthly at the beginning of the month. Interest on arrear debt will be charged from the first day of the month following the month in which the account becomes payable. Thereafter interest is charged at the prime rate by the bank which holds the municipality's primary bank account, plus one percent. Exchange receivables are not secured.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened, except qualified indingent customers. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2024, the municipality is owed R1 688 052 (30 June 2023: R1 680 971) by National and Provincial Government.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	17 944 505	404 737	416 246	1 381 529	20 147 017
Less: Provision for Impairment	1 517 558	148 699	250 056	1 063 129	2 979 442
Net Balances	**16 426 947**	**256 039**	**166 190**	**318 399**	**17 167 575**
Refuse:					
Gross Balances	4 013 457	562 506	469 488	6 570 758	11 616 210
Less: Provision for Impairment	1 186 642	412 146	380 000	6 234 096	8 212 883
Net Balances	**2 826 815**	**150 361**	**89 488**	**336 663**	**3 403 327**
Sewerage:					
Gross Balances	3 389 985	500 552	418 429	5 925 686	10 234 652
Less: Provision for Impairment	1 037 928	369 171	337 506	5 606 433	7 351 037
Net Balances	**2 352 057**	**131 381**	**80 923**	**319 253**	**2 883 614**
Merchandising, Jobbing and Contracts:					
Gross Balances	-	-	-	1 065 540	1 065 540
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**1 065 540**	**1 065 540**
Water:					
Gross Balances	7 155 452	845 626	718 303	9 412 737	18 132 118
Less: Provision for Impairment	1 860 585	656 400	605 431	8 998 158	12 120 573
Net Balances	**5 294 867**	**189 227**	**112 872**	**414 579**	**6 011 544**
Other Receivables:					
Gross Balances	1 110 232	231 754	106 988	2 871 558	4 320 531
Less: Provision for Impairment	569 305	156 596	67 158	2 801 620	3 594 679
Net Balances	**540 927**	**75 158**	**39 829**	**69 938**	**725 852**
Prepayments and Advances:					
Gross Balances	3 769 963	-	-	-	3 769 963
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**3 769 963**	**-**	**-**	**-**	**3 769 963**
Deposits for Land					
Gross Balances	226 782	-	-	-	226 782
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**226 782**	**-**	**-**	**-**	**226 782**

As at 30 June Receivables of R3 815 838 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	37 610 376	2 545 176	2 129 454	27 227 807	69 512 812
Less: Provision for Impairment	6 172 017	1 743 011	1 640 151	24 703 436	34 258 615
Net Balances	**31 438 359**	**802 165**	**489 302**	**2 524 371**	**35 254 197**

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	15 751 461	1 111 729	508 422	1 634 062	19 005 674
Less: Provision for Impairment	397 564	195 391	112 450	1 036 826	1 742 231
Net Balances	**15 353 897**	**916 338**	**395 972**	**597 236**	**17 263 443**
Refuse:					
Gross Balances	2 816 656	660 674	415 334	5 433 199	9 325 863
Less: Provision for Impairment	362 389	315 123	290 929	5 046 627	6 015 068
Net Balances	**2 454 267**	**345 551**	**124 405**	**386 572**	**3 310 795**
Sewerage:					
Gross Balances	2 343 264	574 866	383 719	4 862 249	8 164 098
Less: Provision for Impairment	319 358	283 199	280 495	4 682 133	5 565 185
Net Balances	**2 023 906**	**291 667**	**103 224**	**180 116**	**2 598 913**
Merchandising, Jobbing and Contracts:					
Gross Balances	412 095	-	-	-	412 095
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**412 095**	**-**	**-**	**-**	**412 095**
Water:					
Gross Balances	5 192 341	948 295	623 206	7 637 613	14 401 455
Less: Provision for Impairment	607 683	503 602	474 122	7 124 679	8 710 086
Net Balances	**4 584 658**	**444 693**	**149 084**	**512 934**	**5 691 369**
Other Receivables:					
Gross Balances	1 339 914	325 044	167 136	2 735 570	4 567 664
Less: Provision for Impairment	327 944	179 851	86 257	2 420 571	3 014 623
Net Balances	**1 011 970**	**145 193**	**80 879**	**314 998**	**1 553 040**
Prepayments and Advances:					
Gross Balances	3 855 168	-	-	-	3 855 168
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**3 855 168**	**-**	**-**	**-**	**3 855 168**
Deposits for Land					
Gross Balances	319 782	-	-	-	319 782
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**319 782**	**-**	**-**	**-**	**319 782**

As at 30 June Receivables of R4 988 863 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	32 030 680	3 620 608	2 097 817	22 302 692	60 051 798
Less: Provision for Impairment	2 014 938	1 477 166	1 244 253	20 310 836	25 047 193
Net Balances	**30 015 742**	**2 143 442**	**853 564**	**1 991 857**	**35 004 605**

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
Current:				
0 - 30 days	27 725 123	8 519 423	1 332 532	33 298
Past Due:				
31 - 60 Days	2 050 584	388 292	105 494	805
61 - 90 Days	1 762 024	308 460	58 783	186
+ 90 Days	24 378 980	2 677 576	97 995	73 255
Sub-total	55 916 712	11 893 752	1 594 805	107 544
Less: Provision for Impairment	30 258 173	3 786 660	113 299	100 484
Total Trade Receivables by Customer Classification	**25 658 538**	**8 107 092**	**1 481 506**	**7 060**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2023				
Current:				
0 - 30 days	24 982 734	5 455 606	983 170	609 170
Past Due:				
31 - 60 Days	2 595 626	864 546	89 027	71 409
61 - 90 Days	1 578 763	378 906	92 811	47 337
+ 90 Days	20 097 521	1 196 365	209 526	799 280
Sub-total	49 254 645	7 895 423	1 374 534	1 527 196
Less: Provision for Impairment	20 714 387	4 332 806	-	-
Total Trade Receivables by Customer Classification	**28 540 258**	**3 562 617**	**1 374 534**	**1 527 196**

3.3 Reconciliation of the Provision for Impairment

	2024	2023
	R	R
Balance at beginning of year	25 047 193	27 326 757
Impairment Losses recognised	14 798 890	(1 651 617)
Impairment Losses reversed	(5 587 467)	(627 947)
Balance at end of year	**34 258 615**	**25 047 193**

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. Receivables were assessed individually and grouped together at the year end date as financial assets with similar credit risk characteristics and collectively assessed for impairment. No further credit provision is required in excess of the Provision for Impairment.

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4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from Non-exchange Transactions	1 241 355	1 436 128
Statutory Receivables from Non-exchange Transactions	22 909 432	23 238 550
	24 150 786	**24 674 678**

4.1 Receivables from Non-exchange Transactions

As at 30 June 2024	Gross Balances R	Provision for Impairment R	Net Balances R
Service Charges:	7 469 514	6 228 160	1 241 355
- Electricity	3 016 139	2 364 318	651 821
- Waste Water	2 611 376	2 270 717	340 659
- Water	1 841 999	1 593 125	248 875
Total Receivables from Non-exchange Transactions	**7 469 514**	**6 228 160**	**1 241 355**

As at 30 June 2023	Gross Balances R	Provision for Impairment R	Net Balances R
Service Charges:	7 023 596	5 587 467	1 436 128
- Electricity	2 832 017	2 170 171	661 847
- Waste Water	2 419 853	1 908 350	511 503
- Water	1 771 725	1 508 946	262 779
Total Receivables from Non-exchange Transactions	**7 023 596**	**5 587 467**	**1 436 128**

The prior year amount for Receivables from Non-exchange Transactions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

Service Charges arise from availability charges levied against vacant property where the service infrastructure is available to the property. Availability Charges are levied for Electricity, Waste Water and Water Services.

4.1.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Service Charges:					
Gross Balances	1 043 810	157 831	116 130	6 151 742	7 469 514
Less: Provision for Impairment	293 437	96 819	79 530	5 758 373	6 228 160
Net Balances	**750 373**	**61 012**	**36 600**	**393 369**	**1 241 355**

As at 30 June Receivables of R490 982 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	1 043 810	157 831	116 130	6 151 742	7 469 514
Less: Provision for Impairment	293 437	96 819	79 530	5 758 373	6 228 160
Net Balances	**750 373**	**61 012**	**36 600**	**393 369**	**1 241 355**

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Service Charges:					
Gross Balances	791 581	230 838	147 094	5 854 083	7 023 596
Less: Provision for Impairment	124 712	95 566	82 420	5 284 769	5 587 467
Net Balances	**666 868**	**135 272**	**64 673**	**569 315**	**1 436 128**

As at 30 June Receivables of R769 260 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	791 581	230 838	147 094	5 854 083	7 023 596
Less: Provision for Impairment	124 712	95 566	82 420	5 284 769	5 587 467
Net Balances	**666 868**	**135 272**	**64 673**	**569 315**	**1 436 128**

4.1.2 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
Current:				
0 - 30 days	993 053	50 757	-	-
Past Due:				
31 - 60 Days	155 356	2 475	-	-
61 - 90 Days	115 506	624	-	-
+ 90 Days	5 782 767	275 729	93 247	-
Sub-total	7 046 683	329 585	93 247	-
Less: Provision for Impairment	6 102 215	125 945	-	-
Total Non-exchange Debtors by Customer Classification	**944 468**	**203 640**	**93 247**	**-**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2023				
Current:				
0 - 30 days	1 256 450	(460 779)	2 707	(6 798)
Past Due:				
31 - 60 Days	344 869	(112 082)	3 275	(5 224)
61 - 90 Days	148 965	(8 787)	9 794	(2 879)
+ 90 Days	5 875 932	(137 921)	290 660	(174 588)
Sub-total	7 626 215	(719 568)	306 437	(189 488)
Less: Provision for Impairment	5 343 688	-	243 779	-
Total Non-exchange Debtors by Customer Classification	**2 282 527**	**(719 568)**	**62 658**	**(189 488)**

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	2024 R	2023 R
4.1.3 Reconciliation of Provision for Impairment		
Balance at Beginning of year	5 587 467	3 541 776
Impairment Losses recognised	640 692	2 045 691
Impairment Losses reversed	-	-
Balance at end of year	**6 228 160**	**5 587 467**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4.2 Statutory Receivables from Non-Exchange Transactions

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	17 849 308	7 439 159	10 410 149
Fines	74 622 585	62 123 302	12 499 283
Total Statutory Receivables from Non-Exchange Transactio	**92 471 893**	**69 562 461**	**22 909 432**

Restated	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates	16 583 776	6 016 255	10 567 521
Fines	75 020 896	62 349 867	12 671 029
Total Statutory Receivables from Non-Exchange Transactio	**91 604 672**	**68 366 122**	**23 238 550**

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

Property Rates is a tax levied by a municipality to a property owner used to fund services delivered. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

Traffic Fines arise from fines issued by the municipality's traffic officials. These fines are issued according the National Road Traffic Act 93 of 1996. The fines issued are divided into Radar Fines and Section 56 Fines.

Radar Fines are speed control fines issued when a motorist is caught speeding on a radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post.

The *Section 56 Fine* is imposed when a motorist is stopped by the traffic officer and his or her identity therefore is known and a Traffic Offence occurred.

The municipality has arrangements with regards to the payment of outstanding fines. Although fines with arrangements might be paid over more than 12 months, due to the uncertainty regarding the recoverability thereof, fines will not be reclassified as long-term.

4.2.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	11 023 731	672 142	403 346	5 750 089	17 849 308
Less: Provision for Impairment	1 861 444	343 257	241 104	4 993 354	7 439 159
Net Balances	**9 162 287**	**328 884**	**162 242**	**756 735**	**10 410 149**
Fines:					
Gross Balances	1 270 050	1 582 200	817 800	70 952 535	74 622 585
Less: Provision for Impairment	1 057 317	1 317 182	680 819	59 067 985	62 123 302
Net Balances	**212 733**	**265 019**	**136 982**	**11 884 550**	**12 499 283**

As at 30 June Receivables of R13 534 412 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	12 293 781	2 254 342	1 221 146	76 702 624	92 471 893
Less: Provision for Impairment	2 918 761	1 660 439	921 922	64 061 339	69 562 461
Net Balances	**9 375 020**	**593 903**	**299 224**	**12 641 285**	**22 909 432**

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	8 099 147	1 790 399	497 922	6 196 308	16 583 776
Less: Provision for Impairment	391 256	528 618	210 494	4 885 888	6 016 255
Net Balances	**7 707 891**	**1 261 782**	**287 428**	**1 310 420**	**10 567 521**
Fines:					
Gross Balances	2 071 650	2 167 150	2 080 150	68 701 946	75 020 896
Less: Provision for Impairment	1 900 939	1 988 570	1 908 739	56 551 619	62 349 867
Net Balances	**170 711**	**178 580**	**171 411**	**12 150 327**	**12 671 029**

As at 30 June Receivables of R15 359 948 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	10 170 797	3 957 549	2 578 072	74 898 254	91 604 672
Less: Provision for Impairment	2 292 195	2 517 187	2 119 232	61 437 507	68 366 122
Net Balances	**7 878 602**	**1 440 362**	**458 839**	**13 460 746**	**23 238 550**

4.2.2 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
Current:				
0 - 30 days	9 384 442	1 630 923	8 366	-
Past Due:				
31 - 60 Days	524 537	144 942	2 662	-
61 - 90 Days	307 693	92 971	2 682	-
+ 90 Days	3 557 529	1 901 738	282 650	8 172
Sub-total	13 774 201	3 770 575	296 360	8 172
Less: Provision for Impairment	5 103 001	2 266 426	61 560	8 172
Total Rates Debtors by Customer Classification	**8 671 200**	**1 504 149**	**234 800**	**-**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2023				
Current:				
0 - 30 days	7 629 717	461 783	846	6 802
Past Due:				
31 - 60 Days	1 668 591	115 359	813	5 636
61 - 90 Days	474 510	19 651	880	2 882
+ 90 Days	5 681 146	217 315	122 994	174 853
Sub-total	15 453 964	814 107	125 532	190 172
Less: Provision for Impairment	5 606 383	295 341	45 540	68 991
Total Rates Debtors by Customer Classification	**9 847 581**	**518 766**	**79 992**	**121 182**

4.2.3 Reconciliation of Provision for Impairment

	2024	2023
	R	R
Balance at Beginning of year	68 366 122	67 018 849
Impairment Losses Recognised	1 422 904	1 347 273
Impairment Losses Reversed	- 226 565	-
Balance at end of year	**69 562 461**	**68 366 122**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

5. CASH AND CASH EQUIVALENTS

	2024	2023
Current Investments	483 671 681	408 736 371
Bank Accounts	3 742 110	6 069 772
Cash on Hand	107 460	107 460
Total Bank, Cash and Cash Equivalents	**487 521 251**	**414 913 603**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

5.1 Current Investment Deposits

Call Deposits	483 671 681	408 736 371
Total Current Investment Deposits	**483 671 681**	**408 736 371**

The Municipality has the following investment accounts:

	Bank Balances	
	30 June 2024	**30 June 2023**
ABSA Bank	226 103 460	61 902 879
Standard Bank	80 649 461	125 847 182
FNB - Call Account	6 568 101	12 208 005
Nedbank	170 350 658	208 778 305
	483 671 681	**408 736 371**
Deposits attributable to Unspent Conditional Grants	74 780 373	8 859 901
Deposits attributable to Capital Replacement Reserve	60 461 136	35 029 647
Deposits attributable to Consumer Deposits	13 965 404	12 994 690
Deposits attributable to Rehabilitation of Landfill Site - 40% of provision	35 407 194	26 222 413
Deposits attributable to Current Portion of Long Term Liabilities	21 950 521	23 684 885
Deposits attributale to Reserves	3 318 160	3 078 791
Deposits available for Operations	266 334 023	292 905 174
Total Deposits attributable to Commitments of the Municipality	**483 671 681**	**408 736 371**

5.2 Cash at Bank

Bank Accounts	3 742 110	6 069 772
Total Bank Accounts	**3 742 110**	**6 069 772**
5.2.1 Bank Accounts	**3 742 110**	**6 069 772**

The Municipality has the following operational bank accounts:

Primary Bank Account		
Cash book balance at beginning of year	5 962 780	2 469 316
Cash book balance at end of year	3 701 236	5 962 780
First National Bank - Riversdal Branch - Cheque Account Number: 53571024174		
Bank statement balance at beginning of year	5 778 276	2 378 917
Bank statement balance at end of year	3 322 456	5 778 276
Secondary Account		
Cash book balance at beginning of year	106 992	35 483
Cash book balance at end of year	40 874	106 992
First National Bank - Riversdal Branch - Cheque Account Number: 62225917543		
Bank statement balance at beginning of year	106 992	35 483
Bank statement balance at end of year	40 874	106 992

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash Equivalents

Cash Floats and Advances	107 460	107 460
Total Cash on hand in Cash Floats, Advances and Equivalents	**107 460**	**107 460**

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2023	**134 915 403**	**10 395 846**	**758 484 555**	**58 873 148**	**40 729 285**	**37 322 460**	**1 040 720 697**
Cost	163 215 748	26 656 436	1 049 076 291	99 967 622	63 571 051	58 688 744	1 461 175 892
- Completed Assets	163 215 748	26 656 436	1 038 540 398	98 590 877	63 571 051	58 688 744	1 449 263 253
- Under Construction	-	-	10 535 893	1 376 746	-	-	11 912 639
Accumulated Impairment Losses	(28 300 345)	-	-	-	-	-	(28 300 345)
Accumulated Depreciation	-	(16 260 590)	(290 591 736)	(41 094 474)	(22 841 766)	(21 366 284)	(392 154 850)
Acquisition of Assets							
- Cost	-	-	-	-	9 725 919	5 536 123	15 262 042
- Capital Under Construction	-	1 969 143	98 514 848	7 484 952	-	-	107 968 943
Decommisioning and other Liabilities	-	-	15 955 994	-	-	-	15 955 994
Depreciation	-	(756 786)	(33 209 264)	(2 806 122)	(3 046 319)	(2 773 195)	(42 591 687)
Carrying value of Disposals:	-	(6 417)	(801 324)	-	(488 330)	(56 053)	(1 352 125)
- Cost	-	(7 763)	(1 604 012)	-	(1 493 617)	(556 205)	(3 661 597)
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	1 346	802 688	-	1 005 287	500 152	2 309 473
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	(901 442)	(101 872 553)	(8 741 858)	-	-	(111 515 853)
Other Movements	68 529	9 067 337	100 091 023	13 422 518	(8 253 599)	(2 462 198)	111 933 610
- Cost	1 950	9 050 877	56 216 578	13 283 862	(8 380 720)	(2 572 927)	67 599 619
- Accumulated Impairment Losses	66 579	(421)	-	-	-	-	66 157
- Accumulated Depreciation	-	16 882	43 874 445	138 656	127 121	110 729	44 267 833
Carrying values at 30 June 2024	**134 983 932**	**19 767 680**	**837 163 279**	**68 232 639**	**38 666 955**	**37 567 138**	**1 136 381 621**
Cost	163 217 698	36 767 250	1 116 287 145	111 994 579	63 422 632	61 095 735	1 552 785 039
- Completed Assets	163 217 698	35 699 549	1 109 108 957	111 874 739	63 422 632	61 095 735	1 544 419 310
- Under Construction	-	1 067 701	7 178 188	119 840	-	-	8 365 729
Accumulated Impairment Losses	(28 233 766)	(421)	-	-	-	-	(28 234 187)
Accumulated Depreciation	-	(16 999 149)	(279 123 867)	(43 761 940)	(24 755 677)	(23 528 598)	(388 169 231)

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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2023 **Restated**

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2022	**134 968 403**	**10 906 405**	**699 801 110**	**73 492 081**	**36 853 457**	**34 434 611**	**990 456 068**
Cost	163 269 348	26 563 556	961 591 338	111 826 476	57 278 002	53 464 587	1 373 993 307
- Completed Assets	163 269 348	26 563 556	947 249 902	94 170 272	57 252 106	53 464 587	1 341 969 772
- Under Construction	-	-	14 341 436	17 656 204	25 896	-	32 023 536
Accumulated Impairment Losses	(28 300 945)	-	-	-	-	-	(28 300 945)
Accumulated Depreciation	-	(15 657 151)	(261 790 227)	(38 334 394)	(20 424 546)	(19 029 976)	(355 236 294)
Acquisition of Assets							
- Cost	-	154 080	60 075 462	11 055 838	7 067 841	5 796 472	84 149 693
- Capital Under Construction	-	-	-	-	-	-	-
Decommisioning and other Liabilities	-	-	2 378 990	-	-	-	2 378 990
Depreciation	(421)	(603 439)	(28 533 251)	(2 760 080)	(2 972 031)	(2 741 046)	(37 609 847)
Carrying value of Disposals:	(160 000)	-	87 755	-	(300 846)	(167 577)	(540 669)
- Cost	(160 600)	-	(1 217 019)	-	(855 657)	(572 316)	(2 805 591)
- Accumulated Impairment Losses	600	-	-	-		-	600
- Accumulated Depreciation	-	-	1 304 773	-	554 811	404 738	2 264 322
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	(3 805 542)	(16 279 459)	(25 896)	-	(20 110 897)
Other Movements	107 000	(61 201)	28 480 031	(6 635 233)	106 760	-	23 570 389
- Cost	107 000	(61 201)	30 053 062	(6 635 233)	106 760	-	23 570 389
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	(1 573 031)	-	-	-	-
Carrying values at 30 June 2023	**134 915 403**	**10 395 846**	**758 484 555**	**58 873 148**	**40 729 285**	**37 322 460**	**1 040 720 697**
Cost	163 215 748	26 656 436	1 049 076 291	99 967 622	63 571 051	58 688 744	1 461 175 892
- Completed Assets	163 215 748	26 656 436	1 038 540 398	98 590 877	63 571 051	58 688 744	1 449 263 253
- Under Construction	-	-	10 535 893	1 376 746	-	-	11 912 639
Accumulated Impairment Losses	(28 300 345)	-	-	-	-	-	(28 300 345)
Accumulated Depreciation	-	(16 260 590)	(290 591 736)	(41 094 474)	(22 841 766)	(21 366 284)	(392 154 850)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 43.4 on "Correction of Error" for details of the restatement.

AUDITOR-GENERAL SOUTH AFRICA
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		2024 R	2023 R

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 PPE for which the Municipality does not have the legal title, but has control:

		2024 R	2023 R
Carrying Value at year-end:			
Land	Public Open Spaces & Roads	1 039 000	1 039 000
		1 039 000	**1 039 000**

Key Judgements and Assumptions applied

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Accounting Policy 1.2.6. The land of the municipality is under the control of the municipality due to a vesting substantive right over the land. This land represents mainly public open spaces and roads vesting in the municipality.

6.2 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

	2024 R	2023 R
Buildings	1 067 701	-
Community Assets	119 840	1 376 746
Infrastructure	7 178 188	10 535 893
Total Carrying Amounts of Work-in-Progress	**8 365 729**	**11 912 639**

6.3 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2024 R	2023 R
Electrical Infrastructure	18 429 401	16 079 918
- Contracted Services	1 170 615	330 395
- Inventory Consumed	1 998 145	2 076 320
- Labour	15 056 763	13 487 418
- Other Operational Costs	203 877	185 784
Roads Infrastructure	25 353 297	22 786 221
- Contracted Services	-	173 528
- Inventory Consumed	4 321 476	2 733 247
- Labour	20 755 034	19 439 361
- Other Operational Costs	276 787	440 085
Sanitation Infrastructure	14 678 461	13 918 308
- Contracted Services	2 138 617	1 874 499
- Inventory Consumed	316 855	363 479
- Labour	12 054 427	11 520 005
- Other Operational Costs	168 562	160 326
Solid Waste Disposal	3 212 695	2 719 241
- Contracted Services	56 675	15 910
- Inventory Consumed	58 328	54 157
- Labour	3 018 945	2 556 010
- Other Operational Costs	78 747	93 165
Storm Water Infrastructure	158 222	155 648
- Contracted Services	158 222	155 648
- Inventory Consumed	-	-
- Labour	-	-
- Other Operational Costs	-	-

Water Supply Infrastructure	17 204 210	14 670 518
- Contracted Services	2 774 029	1 205 673
- Inventory Consumed	891 193	906 497
- Labour	13 360 959	12 390 930
- Other Operational Costs	178 030	167 419
Community Assets	11 481 789	10 428 643
- Contracted Services	2 117 633	1 735 328
- Inventory Consumed	827 411	787 757
- Labour	8 374 806	7 743 271
- Other Operational Costs	161 938	162 287
Computer Equipment	2 767 196	2 710 708
- Contracted Services	84 519	226 526
- Inventory Consumed	161 039	150 714
- Labour	2 489 401	2 304 574
- Other Operational Costs	32 237	28 894
Furniture and Office Equipment	213 325	290 448
- Contracted Services	209 789	282 870
- Inventory Consumed	3 536	7 578
- Labour	-	-
- Other Operational Costs	-	-
Machinery and Equipment	3 229 182	3 103 959
- Contracted Services	3 025 233	3 003 446
- Inventory Consumed	203 948	100 512
- Labour	-	-
- Other Operational Costs	-	-
Other Assets - Buildings	3 310 153	2 865 369
- Contracted Services	828 740	900 386
- Inventory Consumed	783 373	433 206
- Labour	1 674 729	1 509 964
- Other Operational Costs	23 310	21 813
Transport Assets	7 697 137	4 632 341
- Contracted Services	7 618 968	4 592 806
- Inventory Consumed	78 169	39 535
- Labour	-	-
- Other Operational Costs	-	-
Total Expenditure related to Repairs and Maintenance Projects	**107 735 069**	**94 361 322**
Expenditure related to Repairs and Maintenance Projects per Expense Classification		
- Contracted Services	20 183 041	14 497 016
- Inventory Consumed	9 643 473	7 653 002
- Labour	76 785 065	70 951 532
- Other Operational Costs	1 123 489	1 259 773
Total Expenditure related to Repairs and Maintenance Projects per Expense Classification	**107 735 069**	**94 361 322**

7. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**192 223**	**207 014**

The movement in Intangible Assets is reconciled as follows:

Software Purchased:

Carrying values at 01 July	**207 014**	**220 598**
Cost	404 605	404 605
Accumulated Amortisation	(197 592)	(184 008)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(13 456)	(13 584)
Purchased	(13 456)	(13 584)
Disposals:	(1 335)	-
At Cost	(4 605)	-
At Accumulated Amortisation	3 270	-
Carrying values at 30 June	**192 223**	**207 014**
Cost	400 000	404 605
Accumulated Amortisation	(207 777)	(197 592)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 33).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

7.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

7.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

8. INVESTMENT PROPERTY

At Fair Value	**105 082 106**	**92 199 290**

The movement in Investment Property is reconciled as follows:

	2024	2023
Carrying values at 1 July	**92 199 290**	**91 889 833**
Fair Value	92 199 290	91 889 833
Acquisitions during the Year	-	-
Fair Value Adjustments	12 920 816	993 957
Disposals during the Year:	(38 000)	(577 500)
At Fair Value	(38 000)	(577 500)
Transfers during the Year:	-	(107 000)
Carrying values at 30 June	**105 082 106**	**92 199 290**
Fair Value	105 082 106	92 199 290

The prior year amount for Investment Property has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	3 288 064	1 089 221

All of the municipality’s Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

8.1 Investment Property for which the Municipality does not have the legal title, but has control:

Carrying Value at year-end:

Land	Vesting Substantive Right	591 000	556 000
		591 000	**556 000**

Key Judgements and Assumptions applied

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Accounting Policy 1.2.6. The land of the municipality is under the control of the municipality due to a vesting substantive right over the land.

8.2 Investment Property carried at Fair Value

The municipality’s Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

For the year under review, the valuations were preformed by Mr. F.E. de Swardt of Suid-Kaap Waardeerders.

9. HERITAGE ASSETS

30 June 2024

Reconciliation of Carrying Value

Description	Works of Art, Antiques and Collections	Total
	R	R
Carrying values at 01 July 2023	**8 451 512**	**8 451 512**
Cost	8 451 599	8 451 599
Accumulated Impairment Losses	(87)	(87)
Acquisitions	-	-
Carrying values at 30 June 2024	**8 451 512**	**8 451 512**
Cost	8 451 599	8 451 599
Accumulated Impairment Losses	(87)	(87)

30 June 2023

Reconciliation of Carrying Value

Description	Works of Art, Antiques and Collections	Total
	R	R
Carrying values at 01 July 2022	**8 451 512**	**8 451 512**
Cost	8 451 599	8 451 599
Accumulated Impairment Losses	- 87	- 87
Acquisitions	-	-
Carrying values at 30 June 2023	**8 451 512**	**8 451 512**
Cost	8 451 599	8 451 599
Accumulated Impairment Losses	- 87	- 87

All of the municipality’s Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

	2024 R	2023 R

10. LEASE RECEIVABLES

Current Lease Receivables	700 365	709 015
Non-current Lease Receivables	-	-
Total Lease Receivables	**700 365**	**709 015**

10.1 Operating Lease Receivables

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	709 015	747 033
Operating Lease - Straight lining	143 322	110 570
Operating Lease Revenue effected	(151 973)	(148 588)
Total Operating Lease Receivables	**700 365**	**709 015**

10.1.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 30 years, with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The lease amounts are escalated annually between 8% and 10% as per the agreements entered into.

10.1.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Land and Buildings, which are receivable as follows:

Up to 1 year	1 834 008	2 326 338
2 to 5 years	3 729 709	4 399 093
More than 5 years	3 552 947	4 527 582
Total Operating Lease Arrangements	**9 116 664**	**11 253 012**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has resulted in a decrease of R8 651 (2023: decrease of R38 017) in current year income.

11. CONSUMER DEPOSITS

	2024 R	2023 R
Electricity and Water	11 290 628	10 220 882
Other Deposits:-	2 674 776	2 773 808
- Building Plans	1 997 306	2 063 999
- Posters	46 594	43 404
- Rental Properties	630 877	666 405
Total Consumer Deposits	**13 965 404**	**12 994 690**

Consumer Deposits - Electricity and Water
Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

Consumer Deposits - Building Plans
Deposits are paid for building plans submitted for approval.

Consumer Deposits - Posters
Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

Consumer Deposits - Rental Properties
Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

12. TRADE AND OTHER PAYABLES

	2024 R	2023 R
Other Payables:	8 403 728	8 363 504
Control, Clearing and Interface Accounts	-	38 412
Unallocated Deposits	8 403 728	8 325 092
Retentions	8 524 244	5 538 679
Salary Related Payables	2 483 858	-
PAYE Deductions	2 483 858	-
Trade Creditors	37 901 360	31 899 035
Bulk Water	117 219	-
Electricity Bulk Purchase	11 566 659	9 895 138
Payables and Accruals	26 217 481	22 003 897
Advance Payments	7 420 133	6 697 862
Total Trade and Other Payables	**64 733 323**	**52 499 079**

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 33 (2023: 32) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

The fair value of trade and other payables approximates their carrying amounts. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality transact with.

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Departmental Agencies and Accounts	863 747	863 747
National Government	635 165	30 907
Private Enterprises	917 141	160 124
Provincial Government	72 364 319	7 805 123
Total Unspent Conditional Grants and Receipts	**74 780 373**	**8 859 901**

The prior year amount for Unspent Conditional Grants and Receipts has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

Unspent Grants and Receipts can mainly be attributed to projects that are work in progress at year-end.

See Note 24 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

R3 951 543 revert back to National/Provincial Treasury. Refer to Appendix "F" for more detail on Conditional Grants.

14. TAXES

VAT Payable:	10 495 194	9 066 954
VAT Payable Control	7 907 246	6 544 175
Output VAT	2 587 949	2 522 779
VAT Receivable	10 224 504	7 724 277
Net VAT Accruals	270 690	1 342 677
Output VAT: Provision for Bad Debt	(1 285 058)	-
Taxes Payable / (Receivable)	**(1 014 368)**	**1 342 677**

The Net VAT position above is the VAT Accrual as at 30 June each year.

The prior year amount for Taxes has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

	Gross Balances R	**Provision for Impairment R**	**Net Balances R**
As at 30 June 2024			
VAT Receivable	(270 690)	1 285 058	1 014 368
VAT Payable	-	-	-
Net Taxes Receivable / (Payable)	**(270 690)**	**1 285 058**	**1 014 368**

	Gross Balances R	**Provision for Impairment R**	**Net Balances R**
As at 30 June 2023			
VAT Receivable	-	-	-
VAT Payable	(1 342 677)	-	- 1 342 677
Net Taxes Receivable / (Payable)	**(1 342 677)**	**-**	**- 1 342 677**

VAT Payable / (Receivable) is the Net Payable / (Receivable) from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

VAT Receivable arise where the municipality has a claim from the South African Revenue Service where the VAT Inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

VAT Receivable is the totals from the VAT Input and VAT Control (Due from//to SARS) Accounts.

14.1 Reconciliation of the Provision for Impairment

Balance at beginning of year	-	-
Impairment Losses recognised	1 285 058	-
Impairment Losses transferred	-	-
Balance at end of year	**1 285 058**	**-**

15. LEASE PAYABLES

Current Lease Payables:	46 190	22 597
Operating Lease Payables	46 190	22 597
Non-current Lease Payables	-	-
Operating Lease Payables	-	-
Total Lease Payables	**46 190**	**22 597**

15.1 Operating Lease Payables

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.

Balance at beginning of year	22 597	36 688
Operating Lease Expenses recorded	(2 165 693)	(1 972 293)
Operating Lease Payments effected	2 189 287	1 958 201
Total Operating Lease Liabilities	**46 190**	**22 597**

15.1.1 Leasing Arrangements

The Municipality as Lessee:
Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period. The operating lease payments escalate between 0 and 8% annually. The municipality did not pay any contingent rent during the year2

15.1.2 Amounts Payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings:	1 256 304	1 522 445
Up to 1 year	755 555	569 761
2 to 5 years	500 749	952 684
Office Equipment:	1 040 376	1 958 355
Up to 1 year	734 383	734 383
2 to 5 years	305 993	1 223 972
Total Operating Lease Arrangements	**2 296 680**	**3 480 800**

The following payments have been recognised as an expense in the Statement of Financial Performance:

Furniture and Office Equipment	748 135	588 539
Investment Properties	974 819	931 184
Machinery and Equipment	100 041	355 122
	1 822 995	**1 874 845**

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:
- Buildings
- Office Equipment
- Macinery and Equipment

16. BORROWINGS

Long-Term Borrowings	144 372 004	168 110 095
Annuity Loans	144 372 004	168 110 095
Less: Current Portion transferred to Current Borrowings:-	21 950 521	23 684 885
Annuity Loans	21 950 521	23 684 885
Non-Current Portion of Borrowings	**122 421 483**	**144 425 210**

16.1 Summary of Arrangements

Annuity Loans are repaid over periods not exceeding 10 years and at interest rates varying from 7.78% to 11.54% per annum. Annuity loans are not secured.

Borrowings have been utilised in accordance with the MFMA. The current portion of borrowings is fully invested in ring-fenced financial instruments. See Note 5.1 for more detail.

At the Reporting Date the obligations under Annuity Loans were as follows:

Up to 1 year	35 509 998	39 523 373
2 to 5 years	113 725 789	124 234 492
More than 5 years	50 072 041	75 072 692
	199 307 828	238 830 557
Less: Future Finance Obligations	(54 935 824)	(70 720 462)
Present value of Annuity Loan Obligations	**144 372 004**	**168 110 095**

Refer to Appendix "A" for more detail on Borrowings.

17. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	86 403 126	85 663 002
Performance Bonus	1 214 298	1 542 241
Leave	13 431 938	12 793 153
Bonus	5 950 890	5 276 291
Post-retirement Health Care Benefits Liability	54 211 000	54 904 000
Post-retirement Pension Benefits Liability	55 000	99 316
Long Service Awards Liability	11 540 000	11 048 000
Less: Current Portion of Employee Benefit Liabilities	25 292 426	24 171 686
Performance Bonus	1 214 298	1 542 241
Leave	13 431 938	12 793 153
Bonus	5 950 890	5 276 291
Post-retirement Health Care Benefits Liability	3 355 000	3 101 000
Post-retirement Pension Benefits Liability	300	5 000
Long Service Awards Liability	1 340 000	1 454 000
Non-Current Portion of Employee Benefit Liabilities	**61 110 700**	**61 491 316**

The prior year amount for Employee Benefit Liabilities has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

17.1 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Bonus Provision	Leave Provision	Performance Bonus Provision
	R	R	R
30 June 2024			
Opening Balance	5 635 935	12 793 153	1 182 598
Increases	314 955	1 708 579	1 214 298
Payments Made	-	(1 069 793)	(1 139 004)
Reversals	-	-	(43 594)
Balance at end of year	**5 950 890**	**13 431 938**	**1 214 298**

	Bonus Provision	Leave Provision	Performance Bonus Provision
	R	R	R
30 June 2023			
Opening Balance	5 276 291	11 805 716	1 037 041
Increases	-	1 875 362	1 542 241
Payments Made	-	(887 925)	(1 035 323)
Reversals	-	-	(1 718)
Balance at end of year	**5 276 291**	**12 793 153**	**1 542 241**

The prior year amounts for Bonus Provision and Performance Bonus Provision have been restated to segregate Staff Bonuses and Performance Bonuses.

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment and is limited to a maximum of 48 days. Provision is made for the full cost of accrued bonusses at reporting date. This provision will be realised when bonusses are paid during November of the next year

Leave Provision: Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

Performance Bonuses: Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	Medical Aid	Pension Fund	Long-term Service
	R	R	R
30 June 2024			
Opening Balance	3 101 000	5 000	1 454 000
Increases	-	-	1 218 527
Actual employer benefit payments	(3 067 006)	(9 073)	(1 332 527)
Actuarial loss/ (gain) recognised in the year	3 321 006	4 373	-
Balance at end of year	**3 355 000**	**300**	**1 340 000**

	Medical Aid	Pension Fund	Long-term Service
	R	R	R
30 June 2023			
Opening Balance	2 765 000	1 000	1 750 000
Increases	-	-	1 133 028
Actual employer benefit payments	(2 648 285)	(11 358)	(1 429 028)
Actuarial loss/ (gain) recognised in the year	2 984 285	15 358	-
Balance at end of year	**3 101 000**	**5 000**	**1 454 000**

	2024	2023
	R	R

17.2 Non-current Portion of Employee Benefit Liabilities

17.2.1 Post-retirement Benefit Liabilities

	2024 R	2023 R
Present Value of the Defined Benefit Obligations		
Current Liabilities	4 695 300	4 560 000
Non-current Liabilities	61 110 700	61 491 316
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)	**65 806 000**	**66 051 316**

The municipality does not provide any other post-retirement or long service benefits beyond these.

17.2.1.1 Health Care Benefits Liability

	2024 R	2023 R
Opening Balance	54 904 000	62 251 000
Interest Cost	7 130 000	7 508 000
Current Service Cost	1 062 000	1 521 000
Actual Employer Benefit Payments	(3 067 006)	(2 648 285)
Actuarial Loss / (Gain) recognised in the year	(5 817 994)	(13 727 716)
Balance at end of Year	54 211 000	54 904 000
Transfer to Current Provisions	3 355 000	3 101 000
Total Post-retirement Health Care Benefits Liability	**50 856 000**	**51 803 000**

Characteristics of the Defined Benefit Plan

The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

In-service members will receive a post-employment subsidy of 70% of the contribution payable. All continuation members receive a 70% subsidy. Upon a member's death-in-retirement, the surviving dependants will continue to receive the same 70% subsidy.

Risks of the Defined Benefit Plan
Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr J van der Spuy, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	117	130
Continuation Members (Retirees, widowers and orphans)	58	54
Total Members	**175**	**184**

During the current year, the municipality did not adjust its estimates to account for an increased percentage of in-service non-members who might be able to afford medical aid in the future. This comes from the fact that after retirement employees' income decreases in retirement, and thus if the employee is unable to afford to contribution in employment, they will be unable to afford it in retirement.

The municipality anticipates that 0% of these employees, consistent with the previous year's estimate, might join a medical aid scheme before retirement. This projected joining rate of 0% was established by examining the municipality's historical data in combination with national statistics, as analysed by actuaries.

The liability in respect of past service has been estimated as follows:

In-service Members	23 090 000	25 415 000
Continuation Members	31 121 000	29 489 000
Total Liability	**54 211 000**	**54 904 000**

Maturity Profile
The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12.21 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

Within 1 year	3 355 000	-
2 to 5 years	14 313 000	-
6 to 10 years	23 121 000	-
More than 10 years	22 814 000	-
Total Benefit Payments	**63 603 000**	**-**

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Discovery
- Hosmed
- LA Health
- Keyhealth
- Samwumed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R1 062 000, whereas the cost for the ensuing year is estimated to be R 994 000 (30 June 2023: R1 521 000 and R1 062 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate - In-service Members	13.59%	13.22%
Health Care Cost Inflation Rate - In-service Members	8.78%	8.72%
Net Effective Discount Rate - In-service Members	7.42%	4.14%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Discount Rate:

Assumption: 13.59%

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, the nominal and real zero curves as at 4 June 2024 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period was used. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations was used.

Medical Aid contribution Inflation

Assumption: 8.78%

Medical Aid contribution inflation rate was set with reference to the past relationship between the discount rate for each relevant time period and medical aid contribution inflation rate for each relevant time period.

Mortality Rate

Assumption: SA 85-90 Mortality Tables

This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry.Mortality for post employement has been based on PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs.

Continuation of Membership:

This valuation assumes 100% continuation of membership at retirement.

Family Profile:

It has been assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance		54 904 000	62 251 000
Service Cost:			
Current Service Cost	Refer Note 31	1 062 000	1 521 000
Interest Expense	Refer Note 31	7 130 000	7 508 000
Payments from the Defined Benefit:			
Payment of Benefits		(3 136 000)	(2 648 284)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 31	(5 749 000)	(13 727 716)
Total Recognised Benefit Liability		**54 211 000**	**54 904 000**

The amounts recognised in the Statement of Financial Position are as follows:		
Present Value of Fund Obligations	54 211 000	54 904 000
Total Benefit Liability	**54 211 000**	**54 904 000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1 062 000	1 521 000
Interest cost	7 130 000	7 508 000
Actuarial losses / (gains)	(5 749 000)	(13 727 716)
Total Post-retirement Benefit included in Employee Related Costs (Note 31.)	**2 443 000**	**(4 698 716)**

Assumed rates for health care cost trends significantly impact the figures recorded in surplus or deficit. The effect of a 1% movement in the assumed rate of Medical Aid inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	2 149 000	1 334 000
Effect on the defined benefit obligation	6 411 000	15 719 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	173 000	(1 103 000)
Effect on the defined benefit obligation	(5 417 000)	369 000
Medical Aid inflation Rate Sensitivity Range	±1%	±1%

Assumed rates for Mortality trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of mortality is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(542 000)	(1 392 000)
Effect on the defined benefit obligation	(3 522 000)	(3 670 000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	4 275 000	4 351 000
Effect on the defined benefit obligation	682 000	(164 000)
Mortality Rate Sensitivity Range	±20%	±20%

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

The municipality expects to make a contribution of R 994 000 (2023: R1 062 000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

17.2.1.2 Ex-gratia Pension Benefits Liability

Opening Balance	99 316	93 000
Interest Cost	7 657	7 316
Actual Employer Benefit Payments	(9 073)	(11 358)
Actuarial Loss/ (Gain) recognised in the year	(42 900)	10 358
Balance at end of Year	55 000	99 316
Transfer to Current Provisions	300	5 000
Total Post-retirement Pension Benefits Liability	**54 700**	**94 316**

Characteristics of the Defined Benefit Plan

Members who entered service prior to 31 December 1994 are entitled to a once-off benefit under the following circumstances:

- Normal Retirement (65 for males and 60 for females)
- Ill-health retirement
- Retrenchment
- Death

Only members who were still in-service after 1 July 1998 are entitled to the benefit.

The benefit is calculated as follows:

- Annual salary as at 31 December 1994
- Multiplied by Years of Service up to 31 December 1994
- Multiplied by 10%

Risks of the Defined Benefit Plan

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 ZAQ Consultants and Actuaries a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members entitled to receive Retirement Gratuities are made up as follows:

In-service Members (Employees)	23	36
Total Members	**23**	**36**

The liability in respect of past service has been estimated as follows:

In-service Members	55 000	99 316
Total Liability	**55 000**	**99 316**

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Maturity Profile

The defined benefit obligation of the municipality's Ex-gratia pension benefits has a weighted average duration of approximately 3.59 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

Within 1 year	35 958	-
2 to 5 years	3 219	-
6 to 10 years	5 299	-
More than 10 years	10 524	-
Total Benefit Payments	**55 000**	**-**

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, discount rates and withdrawal rates.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate - In-service Members	9.91%	7.91%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	65	65

General:
It is assumed that the municipality's ex gratia arrangements and policy would remain as outlined in the accounting policy, and that the level of benefits receivable would remain unchanged, with the exception of allowing for inflationary adjustments.

Discount Rate:
Assumption: 9.91%
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine our discount rates assumptions (Yield curve based) at each relevant time period was used. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations was used.

Mortality Rate
Assumption: SA 85-90 Mortality tables
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry.

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance		99 316	93 000
Interest Expense	Refer Note 35	7 657	7 316
Payments from the Defined Benefit:			
Payment of Benefits	Refer Note 31	(36 000)	(1 000)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 42	(15 973)	-
Total Recognised Benefit Liability		**55 000**	**99 316**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	55 000	99 316
Total Benefit Liability	**55 000**	**99 316**

The amounts recognised in the Statement of Financial Performance are as follows:

Interest cost	7 657	7 316
Total Post-retirement Benefit included in Employee Related Costs	**7 657**	**7 316**

Assumed rates for interest cost trends significantly impact the figures recorded in surplus or deficit. The effect of a 1% movement in the assumed rate of interest cost inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(3 657)	(316)
Effect on the defined benefit obligation	(1 000)	(13 316)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(4 657)	(1 316)
Effect on the defined benefit obligation	1 000	(5 316)
Discount Rate Sensitivity Range	±1%	±1%

Assumed rates for withdrawal rates trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of withdrawal inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(3 657)	(316)
Effect on the defined benefit obligation	(1 000)	(10 316)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(3 657)	(316)
Effect on the defined benefit obligation	-	(9 316)
Withdrawal Rate Sensitivity Range	±20%	±20%

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

Refer to Note , "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

17.2.1.3 Long Service Awards Liability

Opening Balance	11 048 000	11 767 000
Increases	1 824 527	710 028
Payments Made	(1 332 527)	(1 429 028)
Balance at end of Year	11 540 000	11 048 000
Transfer to Current Provisions	1 340 000	1 454 000
Total Long Service Awards Liability	**10 200 000**	**9 594 000**

Characteristics of the Long-service Awards

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

Long Service Awards are awarded in the form of leave days and a 14th cheque (equivalent to one month’s additional salary that is equal to one month’s salary at the date of the accrual of the long service award).

Risks of the Long service awards liability

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan’s liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The most recent actuarial valuations of plan assets and the present value of the Long service award liability were carried out at 30 June 2024 by Mr J van der Spuy, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 569 (2023: 545) employees were eligible for Long-service Awards.

Maturity Profile

The defined benefit obligation of the municipality's long service awards has a weighted average duration of approximately 7.07 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

Within 1 year	1 340 000	-
2 to 5 years	6 022 000	-
6 to 10 years	9 156 000	-
More than 10 years	1 482 000	-
Total Benefit Payments	**18 000 000**	**-**

The benefits payments are scheduled based on the expected long service terms of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as normal salary cost inflation and withdrawal rates.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R842 000, whereas the cost for the ensuing year is estimated to be R872 000 (30 June 2023: R914 000 and R842 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	11.88%	12.00%
Cost Inflation Rate	7.46%	8.12%
Net Effective Discount Rate	4.12%	3.58%
Expected Rate of Salary Increase	5.20%	5.40%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Discount Rate:

Assumption: 11.88%
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent

Consequently, the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period have been used.

Salary Growth Rate

Assumption: 5.2%
This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Inflation Rate

Assumption: 7.46%
Inflation is considered in the projection of salary increases and the adjustment of long service awards.

Mortality Rate

Assumption: SA 85-90 Mortality Tables
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the industry..

Movements in the present value of the Long Service Award Liability were as follows:			
Opening Balance		11 048 000	11 767 000
Service Cost:			
Current Service Cost	Refer Note 31	842 000	914 000
Interest Expense	Refer Note 35	1 275 000	1 311 000
Payments from the Defined Benefit:			
Payment of Benefits		(1 332 527)	(1 429 028)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 42	(292 473)	(1 514 972)
Total Recognised Benefit Liability		**11 540 000**	**11 048 000**
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		11 540 000	11 048 000
Total Benefit Liability		**11 540 000**	**11 048 000**
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost		842 000	914 000
Interest cost		1 275 000	1 311 000
Actuarial losses / (gains)		(292 473)	(1 514 972)
Total Long Service Award Liability included in Employee Related Costs (Note 31.)		**1 824 527**	**710 028**

Assumed rates for normal salary inflation cost trends significantly impact the figures recorded in surplus or deficit. The effect of a 1% movement in the assumed rate of normal salary inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 105 000	54 000
Effect on the Long service award liability	793 000	743 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(63 000)	(254 000)
Effect on the Long service award liability	(719 000)	(674 000)
Discount Rate Sensitivity Range	±1%	±1%

Assumed rates for withdrawals trends significantly impact the figures recorded in surplus or deficit. The effect of a 20% movement in the assumed rate of withdrawals is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(34 000)	(228 000)
Effect on the Long service award liability	(519 000)	(491 000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	234 000	27 000
Effect on the Long service award liability	574 000	544 000
Withdrawal rate Sensitivity Range	±20%	±20%

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

The municipality expects to make a contribution of R872 000 (2023: R842 000) to the long service award liability during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

18. PROVISIONS

Current Provisions	7 454 870	5 960 870
Non-current Provisions	87 945 266	65 556 034
Total Provisions	**95 400 136**	**71 516 904**

18.1 Current Provisions

Library Services - VAT Payable	7 454 870	5 960 870
Total Provisions	**7 454 870**	**5 960 870**

The prior year amount for Current Provisions has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

The movement in Current Provisions is reconciled as follows:

Library Services - VAT Payable:

Opening Balance	5 960 870	4 666 304
Increases	1 494 000	1 294 565
Balance at end of year	**7 454 870**	**5 960 870**

Library Services - VAT Payable: The provision is for a VAT Liability based on a technical interpretation of the treatment of VAT on Library and based on the prudent application of GRAP 19 requirements. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, has uncertainty on this matter and is in process of seeking further clarification. In terms of this uncertainty. The provision made is limited to the actual VAT payable on subsidies received by the municipality over the last 6 years (for 2024 provision) and 5 years (for 2023 provision). The provision excludes possible Interest and Penalties that may be owed to SARS.

18.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	87 945 266	65 556 034
Total Non-current Provisions	**87 945 266**	**65 556 034**

The movement in Non-current Provisions are reconciled as follows:

Decommissioning of Landfill Sites:

Opening Balance as previously stated	65 556 034	64 069 807
Change in Estimates	16 711 782	9 602 486
Other Reductions	-	(8 116 259)
Reversals	(572 718)	-
Finance Charges	6 250 168	-
Closing balance as restated	**87 945 266**	**65 556 034**

Decommissioning, Restoration and Similar Liabilities: Landfill Sites
Landfill site decomissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at interest rates linked to the Consumer Price Index.

18.3 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the Municipality will incur licensing and rehabilitation costs of R146 158 533 (2023: R138 720 667) to restore the site at the end of its useful live. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

Major assumptions concerning future events

The analysis by the specialists allowed calculations of the projected date when the airspace is expected to be fully consumed based on the following assumptions:

(a) The disposal tonnages and landfill lifespans estimated in the 2024 Delta Built Environment Consultants desktop airspace study are unchanged.

(b) No landfill closures over the past year.

(c) A population growth rate of 3.3% was calculated according to Statistics South Africa according to the 2022 Census; and

(d) The incoming estimated tonnage growth rate will remain the same until landfill closure.

	Proposed Date of Rehabilitation		
Albertina	30 06 2032	15 089 472	14 396 502
Droëkloof	30 06 2038	23 411 880	22 242 260
Gouritsmond	30 06 2029	9 633 992	9 193 152
Jongensfontein	30 06 2043	4 082 481	3 861 261
Melkhoutfontein	30 06 2050	40 560 476	38 461 959
Slangrivier	30 06 2027	7 074 665	6 699 969
Steynskloof	30 06 2034	38 624 966	36 592 320
Witsand (Uitsig)	30 06 2030	7 680 601	7 273 243
		146 158 533	**138 720 667**

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	2024 R	2023 R
19. RESERVES		
Capital Replacement Reserve	60 461 136	-
Housing Development Fund	543 103	543 103
Non-current Provisions Reserve	2 775 057	2 535 688
Total Reserves	**63 779 296**	**3 078 791**

19.1 Capital Replacement Reserve

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

Reconciliation of the Capital Replacement Reserve:

	2024	2023
Opening Balance	-	-
Transfers to / (from) Accumulated Surplus	60 461 136	-
Balance at end of year	**60 461 136**	**-**

19.2 Housing Development Fund Reserve

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC.

Reconciliation of Housing Development Fund Reserve:

	2024	2023
Housing Operating Fund	543 103	543 103
Opening Balance	543 103	543 103
Utilisation	-	-
Balance at end of year	**543 103**	**543 103**

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19.3 Non-current Provisions Reserve

The Nature Reserve Fund is for the maintenance and operation of Nature Areas in Still Bay. The Elsje Koorts Tuberculosis Fund is for the treatment of tuberculosis cases in Riversdale.

Reconciliation of Non-current Provisions Reserve

Opening Balance	2 535 688	2 400 408
Transfers to/from Accumulated Surplus	239 369	135 281
Balance at end of year	**2 775 057**	**2 535 688**

19.3.1 Elsje Koorts Trust Fund

This fund was established in terms of clause 4 of the last will and testament of the late Elsje Koorts, and stated inter alia that "the remainder of my estate will be used for the treatment of tuberculosis cases in Riversdale...."

Opening Balance	340 990	320 231
Interest Earned	32 189	24 731
Expenditure Incurred	-	(3 972)
Balance at end of year	**373 179**	**340 990**

19.3.2 Nature Reserve Trust Fund

This fund was established in terms of section 76.2 of the Municipal Ordinance, 1974 (Ordinance 20 of 1974) with the sanction of the Premier on 14 August 1998. The fund must be used for the maintenance and operation of nature areas in Still Bay.

Opening Balance	2 194 699	2 080 178
Interest Earned	207 180	159 178
Expenditure Incurred	-	(44 657)
Balance at end of year	**2 401 878**	**2 194 699**

20. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	1 260 041 537	1 216 821 017
Total Accumulated Surplus	**1 260 041 537**	**1 216 821 017**

The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

	2024 R	2023 R

21. PROPERTY RATES

	Actual Levies	
	July 2024	July 2023
Property Rates Levies:	130 038 262	119 965 470
Agricultural Properties	13 452 666	12 437 191
Business and Commercial Properties	6 351 737	5 901 174
Industrial Properties	1 387 917	1 230 554
Public Benefit Organisations	4 470	5 266
Public Service Infrastructure Properties	2 009 799	1 854 108
Public Service Purposes Properties	-	(97 097)
Residential Properties	95 855 059	88 119 877
Vacant Land	10 976 614	10 514 397
Property Rates Levies	139 227 408	128 484 864
Less: Rates Rebates	(9 189 146)	(8 519 394)
Total Property Rates	**130 038 262**	**119 965 470**

	Actual Valuations	
	July 2024	July 2023
Domestic	14 846 476 600	14 598 597 500
Commercial	854 513 500	834 086 500
Church/Public Benefit	177 081 500	186 652 500
Agricultural/Rural	10 727 845 858	10 434 947 558
State	285 549 000	295 425 600
Municipal	466 593 000	470 676 000
Total Property Valuations	**27 358 059 458**	**26 820 385 658**

Assessment Rates are levied on the market value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2021.

Interim valuations are processed on an annual/bi-annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

A general rate is applied as follows to property valuations to determine property rates:

Residential	0.007213c/R	0.006773c/R
Vacant Land	0.014425c/R	0.013545c/R
Agriculture	0.001374c/R	0.001290c/R
State	0.007393c/R	0.006942c/R
Business	0.007393c/R	0.006942c/R

Rates are levied annually and monthly. Monthly rates are payable by the 20th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding amounts. Account balances which remain unpaid 30 days after the first day of the month when the account becomes payable shall attract interest irrespective of the reason for non-payment.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Rebates of 10% - 40% were applied to pensioners, based on the annual income of the ratepayer. A discount of 10% was granted to agricultural properties used for residential and/or business purposes.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

- Residential Properties: The first R50 000 on the valuation is exempted.

22. FINES, PENALTIES AND FORFEITS

Traffic Fines:	54 518 188	52 852 630
Municipal	3 017 666	2 822 200
Service Provider	51 500 522	50 030 430
Other Fines:	30 932	34 385
Illegal Connections	8 645	9 078
Overdue Books Fine	21 473	18 867
Pound Fees	814	6 441
Forfeits	358 341	1 553 398
Deposits	358 341	1 553 398
Total Fines, Penalties and Forfeits	**54 907 461**	**54 440 413**

23. LICENCES AND PERMITS

Exchange Transactions

Boat	298 174	249 068
Dog	5 048	3 388
Road and Transport:	1 748 812	1 747 731
Drivers Licence Application/Duplicate Drivers Licences	67 295	67 646
Drivers Licence Certificate	180 320	164 224
Learner Licence Application	160 647	155 493
Motor Vehicle Licence	1 268 313	1 291 861
Operators and Public Drivers Permits	72 237	68 507
Trading	18 235	19 550
Total Licences and Permits	**2 070 269**	**2 019 737**

24. TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	45 732 542	34 421 861
Allocations In-kind	437 519	270 000
Monetary Allocations	45 295 022	34 151 861
Operational Grants	63 784 924	58 957 378
Monetary Allocations	63 784 924	58 957 378
Total Transfers and Subsidies Received	**109 517 466**	**93 379 239**

24.1 Summary of Grants:

24.1.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2024	**2023**	**2024**	**2023**
National Governments	-	-	37 899 333	30 987 928
Private Enterprises	137 519	270 000	18 250	-
Provincial Government	-	-	7 377 439	3 163 934
Public Corporations	300 000	-	-	-
Total Capital Grants Received	**437 519**	**270 000**	**45 295 022**	**34 151 861**

24.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2024	**2023**	**2024**	**2023**
Departmental Agencies and Accounts	-	-	346 386	39 695
National Governments	-	-	3 625 409	3 601 072
National Revenue Fund	-	-	59 164 000	54 287 000
Provincial Government	-	-	649 130	1 029 611
Total Operational Grants Received	**-**	**-**	**63 784 924**	**58 957 378**
Total Transfers and Subsidies Received	**437 519**	**270 000**	**109 079 947**	**93 109 239**

24.2 Detailed Summaries

24.2.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	59 164 000	54 287 000
Conditions Met - Transferred to Revenue (Operating)	(59 164 000)	(54 287 000)
Unspent Balance at the End of the Year	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council.

Level of Income	**Subsidy**
R0 - R4 180 p.m	- free basic services plus 100% rebate on rates
	- 6kl free water
	- 50kwh free electricity
	- 100% rebate on rates up to a market value of R850 000
R4 181 - R4 500 p.m	- 50% free basic services plus 50% rebate on rates
	- 6kl free water
	- 50kwh free electricity
	- 50% rebate on rates up to a market value of R850 000

24.2.2 Local Government Financial Management Grant (FMG)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 550 000	1 550 000
Conditions Met - Transferred to Revenue (Operating)	(1 550 000)	(1 550 000)
Unspent Balance at the End of the Year	**-**	**-**

The Local Government Financial Management Grant is paid by National Treasury to municipalities to implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.2.3 Expanded Public Works Programme (EPWP)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 174 000	1 164 000
Conditions Met - Transferred to Revenue (Operating)	(1 174 000)	(1 164 000)
Unspent Balance at the End of the Year	**-**	**-**

The EPWP is to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

24.2.4 Municipal Infrastructure Grant (MIG)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	16 625 000	24 982 000
Conditions Met - Transferred to Revenue (Operating)	(772 951)	(749 100)
Conditions Met - Transferred to Revenue (Capital)	(15 852 049)	(24 232 900)
Unspent Balance at the End of the Year	**-**	**-**

The Municipal Infrastructure Grant to be used to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

24.2.5 Integrated National Electrification Programme (Municipal) Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	5 300 000	2 893 000
Conditions Met - Transferred to Revenue (Capital)	(5 299 615)	(2 893 000)
Unspent Balance at the End of the Year	**385**	**-**

The Integrated National Electrification Programme Grant to be used to reduce backlogs through funding of household connections and bulk infrastructure to ensure constant supply of electricity..

24.2.6 Human Settlements Development Grant

Unspent Balance at the Beginning of the Year	3 218 629	3 265 102
Current Year Receipts	-	3 266 000
Conditions Met - Transferred to Revenue (Operating)	(91 104)	(47 371)
Adjustments / Refunds	-	(3 265 101)
Unspent Balance at the End of the Year	**3 127 525**	**3 218 629**

This grant from the Departement of Local Government and Housing is used for transfer costs.

24.2.7 Municipal Capacity Building Grant

Unspent Balance at the Beginning of the Year	87 703	0
Current Year Receipts	200 000	300 000
Conditions Met - Transferred to Revenue (Operating)	(34 640)	(212 298)
Adjustments / Refunds	(87 703)	-
Unspent Balance at the End of the Year	**165 360**	**87 703**

The grant to be used for external bursaries to enable municipalities to attract top performing learners within the municipal area to succeed in Higher Education Institutions.

24.2.8 Community Development Workers

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	38 000	38 000
Conditions Met - Transferred to Revenue (Operating)	(37 616)	(38 000)
Unspent Balance at the End of the Year	**384**	**-**

24.2.9 Department Economic Development & Tourism - SMME Booster Fund

Unspent Balance at the Beginning of the Year	89 855	1 580 247
Conditions Met - Transferred to Revenue (Capital)	-	(1 490 392)
Adjustments / Refunds	(89 855)	-
Unspent Balance at the End of the Year	**-**	**89 855**

The grant is used to support the development of infrastructure projects which promote medium to long-term economic gains and to increase the sustainability and growth of SMME's.

24.2.10 Local Economic Development - Capacity Building

Unspent Balance at the Beginning of the Year	299 164	49 164
Current Year Receipts	-	250 000
Conditions Met - Transferred to Revenue (Operating)	(46 914)	-
Adjustments / Refunds	(49 164)	-
Unspent Balance at the End of the Year	**203 086**	**299 164**

24.2.11 Proclaimed Roads

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	125 000
Conditions Met - Transferred to Revenue (Operating)	-	(125 000)
Unspent Balance at the End of the Year	**-**	**-**

This grant was used for Provincial road projects

24.2.12 Local Government Public Employment Support Grant

Unspent Balance at the Beginning of the Year	-	875 142
Conditions Met - Transferred to Revenue (Operating)	-	(875 142)
Unspent Balance at the End of the Year	**-**	**-**

The grant is earmarked to coordinate and ensure the implemention of targeted, short term public employment programmes for communities identified as being in distress.

24.2.13 Accelerated Community Infrastructure Programme

Balance unspent at the beginning of the year	30 907	30 907
Conditions Met - Transferred to Revenue	-	-
Unspent Balance at the End of the Year	**30 907**	**30 907**

24.2.14 Human Settlement Development Acceleration of Housing

Balance unspent at the beginning of the year	(0)	-
Current year receipts	-	2 200 000
Conditions Met - Transferred to Revenue (Operating)	-	(526 458)
Conditions Met - Transferred to Revenue (Capital)	(0)	(1 673 542)
Unspent Balance at the End of the Year	**(0)**	**(0)**

To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly.

24.2.15 Informal Settlements Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	109 000	-
Conditions Met - Transferred to Revenue (Operating)	(109 000)	-
Unspent Balance at the End of the Year	**-**	**-**

24.2.16 Human Settlement Development Grant Beneficiaries

Balance unspent at the beginning of the year	-	-
Current year receipts	22 556 401	29 092 851
Conditions Met - Transferred to Revenue (Operating)	(22 295 475)	(29 092 851)
Unspent Balance at the End of the Year	**260 926**	**-**

To provide funding for the creation of sustainable human settlements

24.2.17 Energy Effieciency and Demand Side Management Grant

Balance unspent at the beginning of the year	-	92 150
Current year receipts	4 000 000	4 000 000
Conditions Met - Transferred to Revenue (Operating)	(128 458)	(137 972)
Conditions Met - Transferred to Revenue (Capital)	(3 831 542)	(3 862 028)
Adjustments / Refunds	-	(92 150)
Unspent Balance at the End of the Year	**40 000**	**-**

Funds to be used to implement electricity saving projects in municipal infrastructure

24.2.18 Africana Centre Grant

Balance unspent at the beginning of the year	103 037	103 037
Conditions Met - Transferred to Revenue (Operating)	-	-
Unspent Balance at the End of the Year	**103 037**	**103 037**

This grant was utilised for maintenance and general expenditure.

24.2.19 Public Participation Strategy Grant

Balance unspent at the beginning of the year	57 086	57 086
Conditions Met - Transferred to Revenue (Operating)	-	-
Unspent Balance at the End of the Year	**57 086**	**57 086**

This grant is used for public participation initiatives.

24.2.20 SETA Grant

Balance unspent at the beginning of the year	863 747	842 177
Current year receipts	369 558	61 265
Conditions Met - Transferred to Revenue (Operating)	(346 386)	(39 695)
Unspent Balance at the End of the Year	**886 919**	**863 747**

This grant is utilised for various staff skills development programmes

25.2.21 Emergency Loadshedding Relief

Balance unspent at the beginning of the year	3 800 000	-
Current year receipts	-	3 800 000
Conditions Met - Transferred to Revenue (Capital)	(3 794 780)	-
Unspent Balance at the End of the Year	**5 220**	**3 800 000**

Contribution towards the purchase and installation of back-up energy supply.

25.2.22 Municipal Water Resilience Grant

Balance unspent at the beginning of the year	309 771	-
Current year receipts	-	400 000
Conditions Met - Transferred to Revenue (Operating)	(70 446)	(90 229)
Unspent Balance at the End of the Year	**239 325**	**309 771**

Financial assistance to municipalities to enhance water resilience.

24.2.23 Water Service Infrastructure Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	8 300 000	-
Conditions Met - Transferred to Revenue (Capital)	(8 299 778)	-
Unspent Balance at the End of the Year	**222**	**-**

24.2.24 Transport Infrastructure

Balance unspent at the beginning of the year	-	-
Current year receipts	931 389	-
Conditions Met - Transferred to Revenue (Operating)	(128 981)	-
Conditions Met - Transferred to Revenue (Capital)	(696 860)	-
Unspent Balance at the End of the Year	**105 548**	**-**

24.2.25 Municipal Energy Resillience Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	69 000 000	-
Conditions Met - Transferred to Revenue (Capital)	(786 814)	-
Unspent Balance at the End of the Year	**68 213 186**	**-**

24.2.26 Regional Socio-Economic Project (RSEP) Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	2 100 000	-
Conditions Met - Transferred to Revenue (Capital)	(2 098 986)	-
Unspent Balance at the End of the Year	**1 014**	**-**

24.2.27 Thusong Service Centre Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	150 000	-
Conditions Met - Transferred to Revenue (Operating)	(130 429)	-
Unspent Balance at the End of the Year	**19 571**	**-**

24.2.28 Municipal Disaster Relief

Balance unspent at the beginning of the year	-	-
Current year receipts	5 180 000	-
Conditions Met - Transferred to Revenue (Capital)	(4 616 348)	-
Unspent Balance at the End of the Year	**563 652**	**-**

24.2.29 Syntell

Balance unspent at the beginning of the year	-	-
Current year receipts	775 268	-
Conditions Met - Transferred to Revenue (Capital)	(18 250)	-
Unspent Balance at the End of the Year	**757 018**	**-**

24.2.30 Total Grants

Balance unspent at the beginning of the year	8 859 901	6 895 013
Current year receipts	197 522 616	128 409 116
Conditions Met - Transferred to Revenue (Operating)	(86 080 400)	(88 935 115)
Conditions Met - Transferred to Revenue (Capital)	(45 295 022)	(34 151 861)
Adjustments / Refunds	(226 722)	(3 357 251)
Unspent Balance at the End of the Year	**74 780 373**	**8 859 901**

24.2.31 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2024), government grant funding is expected to not change significantly over the forthcoming three financial years.

25. SERVICE CHARGES

	Exchange Transactions 2024 R	Exchange Transactions 2023 R	Non-Exchange Transactions 2024 R	Non-Exchange Transactions 2023 R
Sale of Electricity;	204 276 607	179 079 873	5 671 621	5 426 342
- Service Charges	209 641 086	183 688 541	5 671 621	5 426 342
- Revenue Foregone	(5 364 479)	(4 608 668)	-	-
Sale of Water:	53 166 681	49 048 505	2 351 459	2 232 229
- Service Charges	66 636 149	61 573 681	2 351 459	2 232 229
- Revenue Foregone	(13 469 468)	(12 525 177)	-	-
Refuse Removal:	34 191 835	31 316 431	-	-
- Service Charges	47 252 346	43 420 069	-	-
- Revenue Foregone	(13 060 511)	(12 103 638)	-	-
Sewerage and Sanitation Charges:	28 865 299	26 818 280	3 118 630	2 811 885
- Service Charges	40 679 987	37 787 446	3 118 630	2 811 885
- Revenue Foregone	(11 814 688)	(10 969 166)	-	-
Total Service Charges	**320 500 422**	**286 263 089**	**11 141 710**	**10 470 455**
- Service Charges	364 209 568	326 469 737	11 141 710	10 470 455
- Revenue Foregone	(43 709 146)	(40 206 648)	-	-

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Revenue Forgone can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26. SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	28 894	17 808
Application Fees for Land Usage	2 054	185 243
Building Plan Approval	2 330 013	2 637 608
Camping Fees	14 833 255	14 514 160
Cemetery and Burial	160 026	158 875
Cleaning and Removal	9 380	13 491
Construction Contract Revenue	22 295 475	29 619 309
Encroachment Fees	6 076	5 163
Entrance Fees	34 054	45 878
Photocopies and Faxes	144 293	86 739
Removal of Restrictions	467 064	475 817
Shared Services	9 749 350	8 630 435
Valuation Services	450 456	510 200
Total Sales of Goods and Rendering of Services	**50 510 390**	**56 900 725**

27. INCOME FROM AGENCY SERVICES

Commission on Driver's Licenses	249 734	253 821
Commission on Vehicle Registration	2 747 279	2 808 397
Total Income from Agency Services	**2 997 013**	**3 062 218**

Refer to Note 56.2 for more detail on Agency Services rendered.

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28. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue		
Investment Property	3 288 064	1 089 221
Other Fixed Assets:	(24 061)	2 065 469
Property Plant and Equipment	(24 061)	2 065 469
Other Rental income		
Contingent Rental Income from Other Fixed Assets:	501	463
Property Plant and Equipment	501	463
Ad-hoc Rental Income from Other Fixed Assets:	497 977	377 794
Property Plant and Equipment	497 977	377 794
Total Rental of Facilities and Equipment	**3 762 481**	**3 532 947**

Rental income generated are at market related premuins. All rental income recognised is therefore market related.

29. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

Non-exchange Receivables:		
Outstanding Billing Debtors	819 760	778 756
Total Non-exchange Interest, Dividends and Rent on Land Earned	**819 760**	**778 756**
External Investments:		
Bank Account	1 059 087	1 163 554
Investments	42 327 320	28 177 478
	43 386 407	**29 341 031**
Outstanding Exchange Receivables:		
Outstanding Billing Debtors	2 840 266	2 330 501
Electricity	399 884	384 469
Service Charges	127 526	119 382
Sporting and Other Bodies	107 588	59 729
Waste Management	619 292	494 191
Waste Water Management	621 445	472 605
Water	964 531	800 126
	2 840 266	**2 330 501**
Total Exchange Interest, Dividends and Rent on Land Earned	**46 226 673**	**31 671 533**
Total Interest, Dividends and Rent on Land Earned	**47 046 433**	**32 450 289**

30. OPERATIONAL REVENUE

Bursary Repayment	3 918	-
Collection Charges	517 932	614 580
Commission	99 247	109 387
Development Charges	5 600 057	3 195 105
Incidental Cash Surpluses	3 772	2 865
Insurance Refund	405 052	140 003
Merchandising, Jobbing and Contracts	-	4 422
Registration Fees	506 714	579 667
Request for Information	178 024	183 479
Staff Recoveries	5 358	-
Total Operational Revenue	**7 320 075**	**4 829 509**

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 29, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

31. EMPLOYEE RELATED COSTS

		2024 R	2023 R
Salaries, Wages and Service Related Benefits:		151 758 945	145 591 005
Basic		140 247 698	134 542 737
In-kind Benefits		1 020	1 605
Long Service Awards		-	(8 452)
Bonusses		1 170 705	1 180 880
Leave Payments		1 567 472	2 023 486
Overtime		8 772 050	7 850 749
Allowances:		21 478 958	20 410 497
Accommodation, Travel and Incidental		4 597 296	4 391 588
Bonus Allowance		10 901 403	10 589 583
Cellular and Telephone		420 163	425 487
Housing Benefits		771 276	734 553
Non-pensionable		44 947	-
Standby Allowance		4 025 905	3 559 581
Travel or Motor Vehicle		717 967	709 705
Social Contributions:		34 788 354	32 862 524
Bargaining Council		80 570	76 464
Group Life Insurance		298 441	377 901
Medical		7 130 248	6 931 404
Pension		24 797 968	23 233 633
Unemployment Insurance		1 183 369	1 160 541
Workmen's Compensation Fund		1 297 758	1 082 581
Post-retirement Benefits:		10 316 657	11 261 316
Service Cost:		*1 062 000*	*1 521 000*
Current Service Cost	Refer Note 17.2.1.1	1 062 000	1 521 000
Interest Cost	Refer Note 17.2.1.1	*7 137 657*	*7 515 316*
Long Term Service Awards		2 117 000	2 225 000
Total Employee Related Costs		**218 342 914**	**210 125 342**

The prior year amount for Employee Related Costs has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

31.1 Remuneration of Key Management Personnel:

Remuneration of the Municipal Manager

	2024 R	2023 R
Annual Remuneration	1 214 683	1 172 930
Performance Bonus	209 650	-
Car Allowance	155 835	138 096
Other Allowances (Acting, Housing, Remote, etc)	14 537	70 697
Company Contributions to UIF, Medical and Pension Funds	208 900	201 065
Total	**1 803 604**	**1 582 788**

Remuneration of the Chief Financial Officer - L. Viljoen (1 July 2023 - 31 December 2023)

	2024 R	2023 R
Annual Remuneration	546 081	1 028 611
Performance Bonus	180 244	193 934
Car Allowance	107 500	215 000
Leave Payout	74 292	100 733
Other Remuneration (Telephone, Bargaining Council, etc)	3 668	7 330
Company Contributions to UIF, Medical and Pension Funds	112 215	218 295
Total	**1 023 999**	**1 763 903**

Remuneration of the Chief Financial Officer - G. Goliath (1 February 2024 - 30 June 2024)		
Annual Remuneration	324 607	-
Car Allowance	119 880	-
Other Allowances (Acting, Housing, Remote,Long Service etc)	19 880	-
Other Remuneration (Telephone, Bargaining Council, etc)	48 004	-
Company Contributions to UIF, Medical and Pension Funds	58 419	-
Total	**570 790**	**-**

The CFO was on leave for the period 16 August 2023 to 8 September 2023 and the post was vacant after the CFO retired 1 January 2024 to 31 January 2024, for which periods an Acting Allowance of R 4 976.78 was paid for Allison Carelse for acting as the Chief Financial Officer.

Remuneration of Director: Community Services		
Annual Remuneration	1 138 685	1 082 415
Performance Bonus	174 084	193 934
Car Allowance	80 000	80 000
Other Remuneration (Telephone, Bargaining Council, etc)	7 337	7 330
Company Contributions to UIF, Medical and Pension Funds	312 906	297 543
Total	**1 713 011**	**1 661 222**

Remuneration of Director: Corporate Services - Griesel		
Annual Remuneration	1 265 862	1 201 114
Performance Bonus	217 678	193 934
Other Remuneration (Telephone, Bargaining Council, etc)	7 337	7 330
Company Contributions to UIF, Medical and Pension Funds	270 667	258 844
Total	**1 761 543**	**1 661 222**

The post was vacant for the period 18 December 2023 to 29 January 2024, for which period an Acting Allowance was paid out of R 4 939.02 to Deon Lewis Michaels for acting as the Director: Corporate Services.

Remuneration of Director: Planning Services		
Annual Remuneration	1 217 678	1 159 632
Performance Bonus	217 678	193 934
Car Allowance	60 000	60 000
Other Remuneration (Telephone, Bargaining Council, etc)	7 337	7 330
Company Contributions to UIF, Medical and Pension Funds	253 913	239 807
Total	**1 756 606**	**1 660 703**

Remuneration of Director: Technical Services		
Annual Remuneration	887 196	845 384
Performance Bonus	171 372	161 065
Car Allowance	194 752	192 238
Other Allowances (Acting, Housing, Remote, etc)	12 797	23 952
Other Remuneration (Telephone, Bargaining Council, etc)	7 337	7 330
Company Contributions to UIF, Medical and Pension Funds	210 393	208 979
Total	**1 483 847**	**1 438 948**

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:

Post-employment Benefits:-		
Chief Financial Officer	-	752 827
Director: Community Services	255 824	226 633
Director: Corporate Services	839 791	734 090
Director: Planning Services	318 925	279 430
Director: Technical Services	84 383	68 283
Total	**1 498 923**	**2 061 263**

Staff Leave Benefits:-		
Municipal Manager	100 587	41 399
Chief Financial Officer	24 305	34 933
Director: Community Services	213 219	188 568
Director: Corporate Services	63 584	59 836
Director: Planning Services	49 728	29 318
Director: Technical Services	158 463	152 712
Total	**609 886**	**506 766**

Other Long-term Benefits:-		
Director: Community Services	366 623	316 525
Director: Planning Services	81 947	69 997
Director: Technical Services	-	67 950
Total	**448 570**	**454 472**

32. REMUNERATION OF COUNCILLORS

Executive Mayor	969 731	965 416
Deputy Executive Mayor	782 708	779 708
Speaker	785 066	798 829
Executive Committee Members	2 212 281	2 257 263
Total for All Other Councillors	3 720 902	3 611 758
Total Councillors' Remuneration	**8 470 688**	**8 412 974**

Remuneration Disclosure - Related Parties:

Designation	Basic Salary	Allowances	Contributions	Total	Total
Executive Mayor	585 230	275 545	108 956	969 731	965 416
Deputy Executive Mayor	723 704	59 004	-	782 708	779 708
Speaker	684 689	47 004	53 373	785 066	798 829
Executive Committee Members	1 873 121	197 412	141 748	2 212 281	2 257 263
Councillors	2 418 087	986 033	316 781	3 720 902	3 611 758
				8 470 688	**8 412 974**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the municipality.

The Executive Mayor may utilise official Council transportation when engaged in official duties.

Councilors' allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.

33. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	42 591 687	37 609 847
Amortisation: Intangible Assets	13 456	13 584
Total Depreciation and Amortisation	**42 605 142**	**37 623 431**

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

34. IMPAIRMENT LOSSES

Impairment Losses on Fixed Assets	-	-
Impairment Losses on Financial Assets	58 171 578	49 342 925
Total Impairment Losses	**58 171 578**	**49 342 925**

34.1 Impairment Losses on Financial Assets

Impairment Losses	9 763 395	1 213 266
Receivables from Exchange Transactions	8 567 056	-
Statutory Receivables from Non-exchange Revenue	1 196 339	1 213 266
Bad Debts Written Off	48 408 183	48 229 525
Reversal of Impairment Losses	-	(99 866)
Receivables from Exchange Transactions	-	(99 866)
Statutory Receivables from Non-exchange Revenue	-	-
	58 171 578	**49 342 925**

35. INTEREST, DIVIDENDS AND RENT ON LAND PAID

Interest Paid:	22 035 450	20 629 676
Borrowings	15 785 282	13 406 180
Interest costs non-current Provisions	6 250 168	7 223 496
Total Interest, Dividends and Rent on Land Paid	**22 035 450**	**20 629 676**

36. BULK PURCHASES

Electricity	157 153 258	139 141 289
Total Bulk Purchases	**157 153 258**	**139 141 289**

Bulk Purchases are the cost of commodities not generated by the municipality which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

37. CONTRACTED SERVICES

Outsourced Services	9 094 232	6 454 717
Consultants and Professional Services	7 694 841	6 503 044
Contractors	50 068 310	50 984 539
Total Contracted Services	**66 857 383**	**63 942 299**

37.1 Outsourced Services

Administrative and Support Staff	231 108	400 636
Animal Care	117 950	111 280
Burial Services	58 342	41 037
Business and Advisory	95 482	17 326
Cleaning Services	1 043 707	817 570
Clearing and Grass Cutting Services	11 105	-
Litter Picking and Street Cleaning	-	332 616
Meter Management	251 160	-
Security Services	502 465	475 010
Swimming Supervision	1 023 715	-
Traffic Fines Management	5 510 418	4 084 272
Translators, Scribes and Editors	10 903	18 736
Veterinary Services	237 877	156 234
	9 094 232	**6 454 717**

37.2 Consultants and Professional Services

Business and Advisory	2 723 025	2 436 243
Infrastructure and Planning	566 163	802 566
Laboratory Services	557 650	534 880
Legal Cost	3 848 004	2 729 355
	7 694 841	**6 503 044**

37.3 Contractors

Aerial Surveillance	238 754	582 570
Artists and Performers	38 000	35 000
Building	22 295 475	29 619 309
Catering Services	244 065	218 752
Event Promoters	180 197	-
Fire Protection	297 872	81 869
Fire Services	3 672 580	3 172 166
Gas	7 146	6 418
Graphic Designers	18 635	19 993
Haulage	1 494 000	887 364
Maintenance of Buildings and Facilities	2 925 846	2 524 005
Maintenance of Equipment	3 401 901	3 434 319
Maintenance of Computer Software	13 978 825	8 658 458
Prepaid Electricity Vendors	383 491	968 579
Safeguard and Security	862 072	752 453
Stage and Sound Crew	29 450	23 283
	50 068 310	**50 984 539**

38. INVENTORY CONSUMED

Consumables	17 162 309	20 468 209
Materials and Supplies	18 332 813	14 976 930
Water	7 242 247	6 866 572
Total Inventory Consumed	**42 737 368**	**42 311 711**

Water Consumed is the cost of commodities not generated by the municipality which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from Overberg Water and Korente Vetterrivier Irrigation Board.

39. TRANSFERS AND SUBSIDIES PAID

Operational Grants	1 835 047	1 848 891
Allocations In-kind	242 487	242 292
Monetary Allocations	1 592 560	1 606 599
Total Transfers and Subsidies Paid	**1 835 047**	**1 848 891**

39.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2024	**2023**	**2024**	**2023**
Households	82 449	46 227	-	136 929
Non-profit Institutions	-	56 180	1 592 560	1 469 670
Private Enterprises	160 039	139 885	-	-
Total Operational Grants Paid	**242 487**	**242 292**	**1 592 560**	**1 606 599**

40. OPERATING LEASES

Furniture and Office Equipment	748 135	588 539
Investment Properties	974 819	931 184
Machinery and Equipment	100 041	355 122
Total Operating Leases	**1 822 995**	**1 874 845**

41. OPERATIONAL COSTS

Included in General Expenses are the following:

Achievements and Awards	45 019	33 306
Advertising, Publicity and Marketing	817 146	727 156
Bank Charges, Facility and Card Fees	832 527	812 525
Bursaries (Employees)	202 824	163 821
Cash Discount	217 072	252 694
Cleaning Services	2 001	1 826
Commission	846 195	727 964
Communication	2 843 854	1 049 570
Courier and Delivery Services	19 569	21 859
Deeds	61 238	77 613
Drivers Licences and Permits	50 629	45 176
Entertainment	83 445	53 963
External Audit Fees	5 620 610	4 685 217
External Computer Service	7 012 272	7 256 863
Fines and Penalties	6 235	-
Full Time Union Representative	144 833	122 600
Hire Charges	422 271	13 520
Honoraria (Voluntarily Workers)	104 030	100 667
Insurance Underwriting	3 331 650	3 090 947
Learnerships and Internships	665 294	375 197
Levies Paid - Water Resource Management Charges	491 656	481 201
Licences	541 431	561 401
Printing, Publications and Books	126 606	117 980
Professional Bodies, Membership and Subscription	2 128 780	2 239 562
Registration Fees	774 798	674 381
Remuneration to Ward Committees	271 976	298 443
Resettlement Cost	35 400	-
Servitudes and Land Surveys	23 719	29 100
Signage	63 646	306 495
Skills Development Fund Levy	1 745 131	1 674 325
Transport Provided as Part of Departmental Activities	190 809	166 106
Travel Agency and Visa's	230	-
Travel and Subsistence	1 642 625	1 554 081
Uniform and Protective Clothing	1 685 559	1 662 583
Vehicle Tracking	361 923	445 045
Total Operational Costs	**33 413 001**	**29 823 186**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

41.1 Travel and Subsistence

Domestic	**1 550 012**	**1 454 059**
Accommodation	234 138	116 912
Daily Allowance	11 170	12 240
Food and Beverage (Served)	17 818	12 644
Incidental Cost	20 546	18 929
Transport without Operator	1 176 153	1 266 684
Transport with Operator	90 187	26 651
Non-employees	92 612	100 023
	1 642 625	**1 554 081**

41.2 Material Losses	**12 698 994**	**10 761 727**
Distribution Losses:		
Electricity Losses	11 484 806	10 146 922
Water Losses	1 214 188	614 805

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 52.1.09).

No other extra-ordinary expenses were incurred.

42. GAINS AND LOSSES ON OTHER OPERATIONS

Gains on Other Operations		
Fair Value Gains on Actuarial Assessments	6 110 467	15 242 688
Fair Value Gains on Investment Property	12 920 816	3 226 050
Fair Value Gains on Landfill Sites	-	8 116 259
Total Gains on Other Operations	**19 031 283**	**26 584 997**
Losses on Other Operations		
Fair Value Losses on Actuarial Assessments	(42 900)	10 358
Fair Value Losses on Investment Property	-	2 232 093
Fair Value Losses on Landfill Sites	183 070	-
Water Losses	1 214 189	614 805
Total Losses on Other Operations	**1 354 359**	**2 857 256**
Net Gains and Losses on Other Operations	**17 676 925**	**23 727 741**

No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 4, 5 and 34).

Refer to note 46 for detail regarding the correction of prior period errors.

43. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Gains on Disposal of Capital Assets		
Intangible Assets	-	-
Investment Property	852 597	1 351 702
Property, Plant and Equipment	-	512 818
Total Gains on Disposal of Capital Assets	**852 597**	**1 864 520**
Losses on Disposal of Capital Assets		
Intangible Assets	1 335	-
Investment Property	38 000	577 500
Property, Plant and Equipment	1 352 125	(1 237 742)
Total Loss on Disposal of Capital Assets	**1 391 460**	**(660 242)**
Net Gains / (Losses) on Disposal of Capital Assets	**(538 862)**	**2 524 763**

The prior year amount for Operational Costs has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

44. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS

44.1 Reclassification and correction of prior period error in Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus
Balance published as at 30 June 2022		1 136 098 121
Correction of Error:-		
Adjustment for Capital Assets as per Revised Asset Register	(2 965 546)	
Adjustment for Output VAT on Library Grants	(4 666 304)	
Adjustment for Rounding Errors	(1)	(7 631 851)
Restated Balance as at 30 June 2022		**1 128 466 271**
Transactions incurred for the Year 2022/23		83 780 493
Correction of Error:-		
Adjustment for Capital Assets as per Revised Asset Register	5 567 163	
Adjustment for Employee Benefit Liabilities	301 655	
Adjustment for Output VAT on Library Grants	(1 294 565)	
Adjustment for Rounding Errors	-	4 574 253
Restated Balances as at 30 June 2023		**1 216 821 017**

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44.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/23
Property Rates	119 965 470	-	-	119 965 470
Fines, Penalties and Forfeits	54 440 413	-	-	54 440 413
Licences and Permits - Non-exchange	2 019 737	-	-	2 019 737
Transfers and Subsidies - Non-exchange	103 304 239	-	(9 925 000)	93 379 239
Service Charges - Non-exchange	10 470 455	-	-	10 470 455
Interest, Dividends & Rent on Land - Non-Exchange	778 756	-	-	778 756
Service Charges - Exchange	286 263 089	-	-	286 263 089
Sales of Goods and Rendering of Services	48 270 290	-	8 630 435	56 900 725
Income from Agency Services	3 062 218	-	-	3 062 218
Rental from Fixed Assets	3 532 947	-	-	3 532 947
Interest, Dividends & Rent on Land - Exchange	31 671 533	-	-	31 671 533
Operational Revenue	4 829 509	-	-	4 829 509
Gains on Disposal of PPE	1 864 520	-	-	1 864 520
Gains on Other Operations	26 584 997	-	-	26 584 997
	697 058 174	**-**	**(1 294 565)**	**695 763 609**

44.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/23
Employee Related Costs	210 426 996	-	(301 655)	210 125 342
Remuneration of Councillors	8 412 974	-	-	8 412 974
Depreciation and Amortisation	43 189 594	-	(5 566 163)	37 623 431
Impairment Losses	49 342 925	-	-	49 342 925
Interest, Dividends and Rent on Land	20 629 676	-	-	20 629 676
Bulk Purchases	139 141 289	-	-	139 141 289
Contracted Services	63 942 299	-	-	63 942 299
Inventory Consumed	42 311 711	-	-	42 311 711
Transfers and Subsidies Paid	1 848 891	-	-	1 848 891
Operating Leases	1 874 845	-	-	1 874 845
Operational Costs	29 823 186	-	-	29 823 186
Loss on Disposal of PPE	(659 242)	-	(1 000)	(660 242)
Losses on Other Operations	2 857 256	-	-	2 857 256
	613 142 400	**-**	**(5 868 818)**	**607 273 582**

44.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/23
Current Assets				
Inventories	4 028 339	-	-	4 028 339
Receivables from Exchange Transactions	35 004 605	-	-	35 004 605
Statutory Receivables from Exchange Transactions	-	-	-	-
Receivables from Non-exchange Transactions	-	-	24 674 678	24 674 678
Statutory Receivables from Non-exchange Transactions	24 674 678	-	(24 674 678)	-
Cash and Cash Equivalents	6 177 232	-	-	6 177 232
Call Investment Deposits	408 736 371	-	-	408 736 371
Lease Receivables	709 015	-	-	709 015
Non-Current Assets				
Property, Plant and Equipment	1 038 522 579	-	2 198 118	1 040 720 697
Intangible Assets	207 014	-	-	207 014
Investment Property	91 795 790	-	403 500	92 199 290
Heritage Assets	8 451 512	-	-	8 451 512
Current Liabilities				
Consumer Deposits	(12 994 690)	-	-	(12 994 690)
Trade and Other Payables	(52 140 651)	-	(358 428)	(52 499 079)
Unspent Conditional Grants and Receipts	(9 218 329)	-	358 428	(8 859 901)
VAT Payable	(1 342 677)	-	-	(1 342 677)
Lease Payables	(22 597)	-	-	(22 597)
Borrowings	(23 684 885)	-	-	(23 684 885)
Employee Benefit Liabilities	(24 473 340)	-	301 655	(24 171 686)
Provisions	-	-	(5 960 870)	(5 960 870)
Non-Current Liabilities				
Borrowings	(144 425 210)	-	-	(144 425 210)
Employee Benefit Liabilities	(61 491 316)	-	-	(61 491 316)
Provisions	(65 556 034)	-	-	(65 556 034)
Net Assets				
Reserves	(3 078 791)	-	-	(3 078 791)
Accumulated Surplus / (Deficit)	(1 219 878 614)	-	3 057 597	(1 216 821 017)
	-	-	-	-

44.5 Reclassification of Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/23
Receipts				
Property Rates	119 641 532	-	(1 318 762)	118 322 770
Fines, Penalties and Forfeits	11 731 728	-	-	11 731 728
Transfers and Subsidies	105 033 264	-	20 954 738	125 988 002
Service Charges	294 016 264	-	1 019 000	295 035 264
External Interest and Dividends Received	29 341 031	-	-	29 341 031
Other Receipts	63 690 945	-	(21 014 850)	42 676 095
Payments				
Employee Related Costs	(201 450 637)	-	(9 422)	(201 460 058)
Remuneration of Councillors	(8 412 974)	-	-	(8 412 974)
External Interest and Dividends Paid	(13 406 180)	-	37 940	(13 368 240)
Suppliers Paid	(285 295 103)	-	85 194	(285 209 909)
VAT Paid	(378 551)	-	-	(378 551)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**114 511 320**	**-**	**(246 162)**	**114 265 158**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(84 149 693)	-	270 000	(83 879 693)
Proceeds on Disposal of Property, Plant and Equipment	2 291 220	-	10	2 291 230
Proceeds on Disposal of Investment Property	1 351 702	-	-	1 351 702
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(80 506 772)**	**-**	**270 010**	**(80 236 762)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in Finance Leases (Leases Redeemed)	(14 092)	-	14 092	-
Increase in Borrowings (Loans Taken-on)	40 037 940	-	(37 940)	40 000 000
Decrease in Borrowings (Loans Redeemed)	(21 791 054)	-	0	(21 791 054)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**18 232 794**	**-**	**(23 848)**	**18 208 946**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**52 237 342**	**-**	**-**	**52 237 342**
Cash and Cash Equivalents at Beginning of Period	362 676 261	-	-	362 676 261
Cash and Cash Equivalents at End of Period	414 913 603	-	-	414 913 603

45. CORRECTION OF ERROR

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

45.1 Reclassification of Revenue

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Transfers and Subsidies - Non-exchange	Service Charges - Non-exchange	Interest, Dividends & Rent on Land - Non-Exchange	Sales of Goods and Rendering of Services
Balance previously reported	**103 304 239**	**10 470 455**	**778 756**	**48 270 290**
Correction of Errors:-				
Reclassification of Library Grant	(9 925 000)	-	-	8 630 435
Restated Balance now reported	**93 379 239**	**10 470 455**	**778 756**	**56 900 725**

Transfers and Subsidies - Non-exchange Transactions:
The **prior year amounts** for Transfers & Subsidies from Non-exchange Transactions have been restated to correctly disclose the revenue for Library Grants received, restated to Rendering of Services in terms of an Audit Finding.

Sales of Goods & Rendering of Services:
The **prior year amounts** for Sale of Goods & Rendering of Services have been restated to correctly disclose the revenue for Library Grants received, restated from Transfers & Subsidies in terms of an Audit Finding.

45.2 Reclassification of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Remuneration of Councillors	Depreciation and Amortisation
Balance previously reported	**210 426 996**	**8 412 974**	**43 189 594**
Correction of Errors:-			
Adjust Employee Cost recalculated for Leave Accrual	(301 655)	-	-
Adjust Depreciation recalculated on Landfill Sites	-	-	(5 785 533)
Adjust Depreciation recalculated on Property, Plant & Equipment	-	-	219 370
Restated Balance now reported	**210 125 342**	**8 412 974**	**37 623 431**

Employee Related Costs:
The **prior year amounts** for Employee Related Costs have been restated to correctly disclose the expenditure for Employee Costs, restated for Leave Accrual over provided for in 2023.

Depreciation and Amortisation:
The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for Landfil SItes recalculated as per Working Papers submitted.

Furthermore, the **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation, recalculated for Remaing Useful Lives of assets amended to avoid the carrying value running out.

	Loss on Disposal of PPE	Losses on Other Operations
Balance previously reported	**(659 242)**	**2 857 256**
Correction of Errors:-		
Adjust Disposal of Erf 2270, Heidelberg	(1 000)	-
Restated Balance now reported	**(660 242)**	**2 857 256**

Loss on Disposal of Property, Plant and Equipment:
The **prior year amounts** for Loss on Disposal of PPE and Property, Plant & Equipment have been restated to correctly disclose disposal of assets, Erf 2270, Heidelberg, disposed in error during 2023.

45.3 Reclassification of Statement of Financial Position

Opening Balances and **Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

	Receivables from Non-exchange Transactions	Statutory Receivables from Non-exchange Transactions	VAT Receivable
Balances previously published per AFS as at 30 June 2022	**-**	**22 626 909**	**-**
Correction of Errors:-			
Adjust Receivables for Availability Charges	1 113 415	(1 113 415)	-
Adjust Statutory non-exchange Receivables	21 513 494	(21 513 494)	-
Balances now published per AFS as at 30 June 2022	**22 626 909**	**-**	**-**
Transactions incurred for the Year 2022/23	-	2 047 769	-
Correction of Errors:-			
Adjust Receivables for Availability Charges	322 713	(322 713)	-
Adjust Statutory non-exchange Receivables	1 725 056	(1 725 056)	-
Balances now published per AFS as at 30 June 2023	**24 674 678**	**(0)**	**-**

Receivables from Non-exchange Transactions:
The **opening balances** of Receivables from Non-exchange Transactions and Statutory Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, receivables for Availability Charges previously recognised as Statutory Receivables.

Furthermore, the **opening balances** of Receivables from Non-exchange Transactions and Statutory Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, Statutory Non-exchange Receivables need to be included in the total for Non-exchange Receivables on the face of the Statement of Financial Position.

The **prior year amounts** of Receivables from Non-exchange Transactions and Statutory Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, receivables for Availability Charges previously recognised as Statutory Receivables.

Furthermore, the **prior year amounts** of Receivables from Non-exchange Transactions and Statutory Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, Statutory Non-exchange Receivables need to be included in the total for Non-exchange Receivables on the face of the Statement of Financial Position.

Statutory Receivables from Non-exchange Transactions:
The **opening balances** of Statutory Receivables from Non-exchange Transactions and Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, receivables for Availability Charges previously recognised as Statutory Receivables.

Furthermore, the **opening balances** of Statutory Receivables from Non-exchange Transactions and Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, Statutory Non-exchange Receivables need to be included in the total for Non-exchange Receivables on the face of the Statement of Financial Position.

The **prior year amounts** of Statutory Receivables from Non-exchange Transactions and Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, receivables for Availability Charges previously recognised as Statutory Receivables.

Furthermore, the **prior year amounts** of Statutory Receivables from Non-exchange Transactions and Receivables from Exchange Transactions have been reclassified in terms of an Audit Finding, Statutory Non-exchange Receivables need to be included in the total for Non-exchange Receivables on the face of the Statement of Financial Position.

	Property, Plant and Equipment	**Intangible Assets**	**Investment Property**
Balances previously published per AFS as at 30 June 2022	**993 825 114**	**220 598**	**91 486 333**
Correction of Errors:-			
Cost			
Landfill Sites Reversed	(26 653 814)	-	-
New Valuation - Landfill Sites	61 300 685	-	-
Adjust Capital Assets for Land, Portion 21 of Farm Tygerfontein	40 000	-	-
Adjust Capital Assets for Land, Erf 305/2, Heidelberg	(134 500)	-	67 500
Adjust Capital Assets for Land, Erven 492 & 493, Melkhoutfontein	-	-	336 000
Depreciation			
Depreciation Reversed - Landfill Sites	39 209 755	-	-
Depreciation on New Valuation	(77 372 677)	-	-
Depreciation on Adjusted Remaining Useful Lives	241 505	-	-
Balances now published per AFS as at 30 June 2022	**990 456 068**	**220 598**	**91 889 833**
Transactions incurred for the Year 2022/23	44 697 465	(13 584)	309 457
Correction of Errors:-			
Cost			
Adjust Disposal of Erf 2270, Heidelberg	1 000	-	-
Depreciation			
Depreciation Reversed - Landfill Sites	40 724 851	-	-
Depreciation on New Valuation	(34 939 317)	-	-
Depreciation on Adjusted Remaining Useful Lives	(219 370)	-	-
Balances now published per AFS as at 30 June 2023	**1 040 720 697**	**207 014**	**92 199 290**

Property, Plant and Equipment:

The **opening balances** for Property, Plant & Equipment have been restated to adjust the Cost and Accumulated Depreciation values of the Landfill Sites, recalculated in terms of the Landfill Sites Rehabilitation Report for the Year 2022/23.

Furthermore, the **opening balances** for Property, Plant & Equipment have been restated to correctly disclose the value of Land, Portion 21 of Farm Tygerfontein previously not recognised.

Furthermore, the **opening balances** for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Assets, depreciation recalculated for Remaing Useful Lives of assets amended to avoid the carrying value running out.

Furthermore, the **opening balances** for Property, Plant & Equipment and Investment Property have been restated to correctly disclose the value of Assets, erf 305/2, Heidelberg, reclassified as Investment Properties.

The **prior year amounts** of Property, Plant and Equipment have been restated to correctly disclose the revised depreciation for the Landfill Sites, recalculated in terms of the Landfill Sites Rehabilitation Report for the Year 2022/23.

Furthermore, the **prior year amounts** of Property, Plant and Equipment have been restated to correctly disclose the value of Land, Erf 2270, Heidelberg, disposed in error during 2023.

Furthermore, the **prior year amounts** for Property, Plant & Equipment and Deprciation have been restated to correctly disclose the value od Assets, depreciation recalculated for Remaing Useful Lives of assets amended to avoid the carrying value running out.

Investment Property:

The **opening balances** for Investment Property and Property, Plant & Equipment have been restated to correctly disclose the value of Assets, erf 305/2, Heidelberg, previously incorrectly recognised as Property, Plant & Equipment.

Furthermore, the **opening balances** for Investment Property and Accumulated Surplus have been restated to correctly disclose the value of Assets, erven 492 & 493, Melkhoutfontein, previously not recognised.

	Consumer Deposits	Trade and Other Payables	Payables from Non-exchange Transactions	Unspent Conditional Grants and Receipts
Balances previously published per AFS as at 30 June 2022	**(11 575 638)**	**(52 458 852)**	**-**	**(7 489 305)**
Correction of Errors:-				
Adjust Unspent Library Funding	-	(594 292)	-	594 292
Balances now published per AFS as at 30 June 2022	**(11 575 638)**	**(53 053 144)**	**-**	**(6 895 013)**
Transactions incurred for the Year 2022/23	(1 419 052)	318 201	-	(1 729 024)
Correction of Errors:-				
Adjust Unspent Library Funding	-	235 864	-	(235 864)
Balances now published per AFS as at 30 June 2023	**(12 994 690)**	**(52 499 079)**	**-**	**(8 859 901)**

Payables from Exchange Transactions:

The **opening balances** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated for Unspent Library Funding previously recognised as Unspent Grants instead of Payments Received in Advance.

The prior year amounts of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated for Unspent Library Funding previously recognised as Unspent Grants instead of Payments Received in Advance.

Unspent Conditional Grants & Receipts:

The opening balances of Unspent Conditional Grants & Receipts have been restated to correctly disclose the value of Unspent Grants, restated for Unspent Library Funding previously recognised as Unspent Grants instead of Payments Received in Advance.

The prior year amounts of Unspent Conditional Grants & Receipts have been restated to correctly disclose the value of Unspent Grants, restated for Unspent Library Funding previously recognised as Unspent Grants instead of Payments Received in Advance.

		Employee Benefit Liabilities	Provisions	Leases
Balances previously published per AFS as at 30 June 2022		**(22 635 048)**	**-**	**-**
Correction of Errors:-				
Adjust Provisions VAT on Library Grants	-	-	(4 666 304)	-
Balances now published per AFS as at 30 June 2022		**(22 635 048)**	**- 4 666 304**	**-**
Transactions incurred for the Year 2022/23		(1 838 292)	-	-
Correction of Errors:-				
Adjustment for Leave Accrual		301 655	-	
Adjust Provisions VAT on Library Grants	-	-	(1 294 565)	-
Balances now published per AFS as at 30 June 2023		**(24 171 686)**	**- 5 960 870**	**-**

Employee Benefit Liabilities:

The **prior year amounts** of Employee Benefit Liabilities have been restated to correctly disclose the liability for Employee Benefits, previously over provided for Leave Accrual.

Provisions:

The **opening balances** of Provisions, Unspent Conditional Grants & Receipts and Accumulated Surplus have been restated to correctly disclose the Liability for Output VAT on library grants received, previously not recognised. Provision has now been made for a VAT Liability based on a technical interpretation of the treatment of Output VAT on Library Grants received and based on the prudent application of GRAP 19 requirements.

The **prior year amounts** of Provisions, Unspent Conditional Grants & Receipts and Transfers & Subsidies Received have been restated to correctly disclose the Liability for Output VAT on library grants received, previously not recognised. Provision has now been made for a VAT Liability based on a technical interpretation of the treatment of Output VAT on Library Grants received and based on the prudent application of GRAP 19 requirements.

45.4 Reclassification of Cash Flow Statement

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

Cash Flows from Operating Activities - Receipts:

	Property Rates	Transfers & Subsidies	Service Charges	Other Receipts
Balance previously reported	**119 641 532**	**105 033 264**	**294 016 264**	**63 690 945**
Correction of Errors:-				
Adjust Bad Debt Written-off	(1 318 762)	-	1 344 738	(25 976)
Adjust Allocations In-Kind	-	(270 000)	-	-
Adjust Construction Contract Revenue	-	29 619 309	-	(29 619 309)
Adjust Library Funding	-	(8 394 571)	(235 864)	8 630 435
Adjust Impairment of Receivables	-	-	(89 874)	-
Restated Balance now reported	**118 322 770**	**125 988 002**	**295 035 264**	**42 676 095**

Property Rates:

The **prior year amounts** for Property Rates have been reclassified to correctly disclose the revenue, adjusted for Bad Debt Written-off previously allocated to Service Charges.

Transfers & Subsidies:

The **prior year amounts** for Transfers & Subsidies have been reclassified to correctly disclose the revenue, adjusted for In-kind Transfers previously included in cash flow.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Grants Received, restated for the provision for Output VAT Liability based on a technical opinion received.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Construction Contract Revenue, previously incorrectly recognised in Other Receipts.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Library Funding, previously incorrectly recognised in Transfers.

Service Charges:

The **prior year amounts** for Service Charges have been reclassified to correctly disclose the revenue, adjusted for Bad Debt Written-off reallocated to Property Rates and Other Receipts.

Furthermore, the prior year amounts for Service Charges have been reclassified to correctly disclose the cash inflow from Library Funding, previously incorrectly recognised in Transfers.

Furthermore, the **prior year amounts** for Service Charges have been reclassified to correctly disclose the revenue, adjusted for non-cash movements and movements in financial assets allocted to Impairment Costs. The effect of these reclassifications on net Cash Flow is zero.

Other Receipts:

The **prior year amounts** for Other Receipts have been reclassified to correctly disclose the revenue, adjusted for Bad Debt Written-off previously allocated to Service Charges.

Furthermore, the **prior year amounts** for Other Receipts have been restated to correctly disclose the cash inflow from Construction Contract Revenue, previously incorrectly recognised in Other Receipts.

Furthermore, the **prior year amounts** for Other Receipts have been restated to correctly disclose the cash inflow from Library Funding, previously incorrectly recognised in Transfers.

Cash Flows from Operating Activities - Payments:

	Employee Related Costs	Remuneration of Councillors	Interest Paid
Balance previously reported	**(201 450 637)**	**(8 412 974)**	**(13 406 180)**
Correction of Errors:-			
Adjust Employee Related Costs for Medical Contributions	(9 422)	-	-
Adjust Interest Capitalised on Borrowings	-	-	37 940
Restated Balance now reported	**(201 460 058)**	**(8 412 974)**	**(13 368 240)**

Employee Related Costs:
The **prior year amounts** of Employee Related Cost have been restated to correctly disclose the cash outflow from Employee Costs, restated for Medical Aid Contributions.

Interest Paid:
The **prior year amounts** of Interest Paid have been restated to correctly disclose the cash outflow from Interest Paid, restated for interest on Borrowing capitalised.

	Suppliers Paid	VAT Paid
Balance previously reported	**(285 295 103)**	**(378 551)**
Reclassification in terms of mSCOA Chart		
Reclassification of Operating Leases	(14 092)	-
Correction of Errors:-		
Adjust Impairment of Receivables	89 874	-
Adjust Employee Related Costs for Medical Contributions	9 422	-
Rounding Errors	(10)	-
Restated Balance now reported	**(285 209 909)**	**(378 551)**

Suppliers Paid:
The **prior year amounts** for Suppliers Paid and Lease Liabilities have been restated to correctly disclose the cash outflow from Operating Leases as per mSCOA Chart, movement in operating leases previously allocated to finance transactions..

Furthermore, the **prior year amounts** for Suppliers Paid have been reclassified to correctly disclose the payments, adjusted for non-cash movements and movements in financial assets and liabilities allocted to Suppliers Paid. The effect of these reclassifications on net Cash Flow is zero.

Furthermore, the **prior year amounts** of Suppliers Paid have been restated to correctly disclose the cash outflow from Employee Costs, restated for Medical Aid Contributions.

Cash Flows from Investing Activities:

	Purchase of PPE	Purchase of Intangible Assets	Purchase of Investment Property	Purchase of Heritage Assets
Balance previously reported	**(84 149 693)**	**-**	**-**	**-**
Correction of Errors:-				
Adjust Acquisition Cost of Capital Assets	270 000	-	-	-
Restated Balance now reported	**(83 879 693)**	**-**	**-**	**-**

Purchase of Property, Plant and Equipment:
The **prior year amounts** for Purchase of Property, Plant and Equipment have been restated to correctly disclose expenditure for the acquisition of assets, adjusted for donated assets not previously recognised.

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Cash Flows from Financing Activities:

	Increase in Finance Leases (Leases Taken-on)	Decrease in Finance Leases (Leases Redeemed)	Increase in Borrowings (Loans Taken-on)	Decrease in Borrowings (Loans Redeemed)	Increase / Decrease in Consumer Deposits
Balance previously reported	**-**	**(14 092)**	**40 037 940**	**(21 791 054)**	**-**
Reclassification in terms of mSCOA Chart					
Reclassification of Operating Leases		14 092	-	-	-
Correction of Errors:-					
Adjust Interest Capitalised on Borrowings		-	(37 940)	-	-
Restated Balance now reported	**-**	**-**	**40 000 000**	**(21 791 054)**	**-**

Decrease in Finance Leases:
The **prior year amounts** for Decrease in Finance Leases and Suppliers Paid have been restated to correctly disclose the cash outflow from Operating Leases as per mSCOA Chart, movement in operating leases previously allocated to finance transactions.

Increase / (Decrease) in Borrowings:
The **prior year amounts** for Increase / (Decrease) in Borrowings have been reclassified to correctly disclose the repayment of Borrowings, restated for interest capitalised to Borrowings.

	2024 R	2023 R
46. CHANGE IN ACCOUNTING ESTIMATES		
46.1 Provision for the Rehabilitation of Landfill Site:	16 528 712	(5 737 269)

As per note 18.2 a GRAP 3 adjustment was made, due to changes in the estimated closure cost and remaining useful lives of landfill sites as a result of more accurate estimations made in the current year, that resulted from more accurate data that was gathered in 2024. The major reason for the decrease in lifespan of all the sites compared to 2023 is due to the increase in the population growth rate as obtained from Statistics South Africa according to the 2022 Census.

There was also an adjustment of the discount rate from 11,55% in 2023 to 10,08% in 2024.

The change in estimate has resulted in a increase of R16 528 712 of the provision.

The detailed adjustments per site are as follows:

	2024 R	2023 R
Albertinia: *The expected date for the rehabilitation of the landfill site was adjusted from 2034 to 2032 decreasing the remaining useful life by 2 years.*	1 069 998	(2 687 566)
Droëkloof: *The expected date for the rehabilitation of the landfill site was adjusted from 2042 to 2038 decreasing the remaining useful life by 4 years.*	2 662 151	(1 830 059)
Gouritsmond: *The expected date for the rehabilitation of the landfill site remained 2029.*	84 688	(272 369)
Jongensfontein: *The landfill site has reached its capacity and is to be closed.*	183 069	2 108 104
Melkhoutfontein: *The expected date for the rehabilitation of the landfill site was adjusted from 2068 to 2050 decreasing the remaining useful life by 18 years.*	8 904 041	(11 465 750)
Slangrivier: *The expected date for the rehabilitation of the landfill site remained 2027.*	52 771	(381 660)
Steynskloof: *The expected date for the rehabilitation of the landfill site was adjusted from 2036 to 2034 decreasing the remaining useful life by 2 years.*	3 037 468	4 914 181
Uitsig: *The expected date for the rehabilitation of the landfill site remained 2030.*	144 878	3 877 849
Total Decrease:	**16 139 064**	**(5 737 269)**

47. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	103 505 218	88 490 027
Unresolved Correction of Prior Year Errors	415 807	-
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Fines, Penalties and Forfeits	-	-
Transfers and Subsidies Received	1 056 481	1 024 565
Employee Related Costs	13 510 895	14 677 202
Depreciation and Amortisation	42 605 142	37 623 431
Impairment Losses	9 763 395	1 113 400
Interest, Dividends and Rent on Land	6 216 805	7 261 436
Gains on Other Operations	(19 031 283)	(26 584 997)
Losses on Other Operations	1 354 359	2 857 256
Gains / Losses on Disposal of Assets	1 391 460	1 118 169
Adjustment for Cash Transactions not included in Surplus / (Deficit):		
Transfer of Property, Plant and Equipment	(417 757)	(1 886 461)
Transfer of Investment Property	-	107 000
Expenditure from Current Employee Benefit Liabilities	(6 617 403)	(6 011 918)
Adjustment for Non-cash Transactions included in Working Capital:		
Inventories	(1 214 189)	(614 805)
Decrease/(Increase) in Impairment of Exchange Receivables	(9 211 423)	(80 388)
Decrease/(Increase) in Impairment of Statutory Exchange Receivables	-	-
Decrease/(Increase) in Impairment of Non-exchange Receivables	(640 692)	314 261
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	(1 196 339)	(1 347 273)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Gains / (Losses) on Disposal of Capital Assets	(852 597)	(3 642 932)
Operating Surplus before Working Capital Changes	**140 637 878**	**114 417 972**
Decrease/(Increase) in Inventories	(744 621)	245 993
Decrease/(Increase) in Receivables from Exchange Transactions	(249 592)	(826 289)
Decrease/(Increase) in Receivables from Non-exchange Transactions	194 774	(322 713)
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	329 118	(1 725 056)
Decrease/(Increase) in Operating Lease Receivables	8 651	38 017
Increase/(Decrease) in Consumer Deposits	970 714	1 419 052
Increase/(Decrease) in Payables from Exchange Transactions	12 234 244	(554 065)
Increase/(Decrease) in Unspent Conditional Grants and Receipts	65 920 471	1 964 888
Increase/(Decrease) in Taxes	(1 071 986)	(378 551)
Increase/(Decrease) in Operating Lease Payables	23 594	(14 092)
Cash Generated by / (Utilised in) Operations	**218 253 245**	**114 265 158**

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:		
Opening Balance:	5 985 966	-
- As previously stated	5 985 966	-
Unauthorised Expenditure Current Year:	5 471 718	5 985 966
- Current Year	5 471 718	5 985 966
Approved/Condoned by Council:	(5 853 667)	-
- Prior Year	(5 853 667)	-
	5 604 018	**5 985 966**

The current year over-expenditure incurred by municipal departments during the year is attributable to the following categories:

- Non-cash	-	-
- Cash	5 471 718	5 985 966
	5 471 718	**5 985 966**

Incident	Disciplinary Steps / Criminal Proceedings
Operating Budgeted Votes Exceeded:-	
- Executive and Council - R0 (2023: R675 736)	To be condoned by Council
- Road Transport - R0 (2023: R1 419 602)	To be condoned by Council
- Waste Management - R5 471 718 (2023: R3 708 542)	To be condoned by Council
Capital Budgeted Votes Exceeded:-	
- Public Safety - R0 (2023: R182 087)	To be condoned by Council // No disciplinary steps taken

48.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure:

Opening Balance	-	-
- As previously stated	-	-
Fruitless and Wasteful Expenditure	11 366	-
- Current Year	11 366	-
Expenditure investigated and approved by Council	(11 366)	-
- Current Year	(11 366)	-
Fruitless and Wasteful Expenditure awaiting condonement	**-**	**-**

The fruitless and wasteful expenditure relates to the following:

- Payment of veterinary account services for Dogs injured of third party.
- Catering for Danish Delegation where the meeting did not take place as planned.
- Interest paid on VAT 201 return submitted to SARS

48.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening Balance:	5 322 679	658
- As previously stated	5 322 679	658
Irregular Expenditure Current Year:	13 454	5 412 400
- Current Year	13 454	5 412 400
Condoned/Written-off by Council:	(5 322 679)	(64 399)
- Current Year	-	(64 399)
- Prior Year	(5 322 679)	-
Recovered	(433)	(25 981)
- Current Year	(433)	(25 981)
Irregular Expenditure awaiting condonation	**13 021**	**5 322 679**

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

Attention is directed to the fact that with the improvement of own controls due to the increase in its maturity the Municipality identified potential irregular expenditure with regards to the payment of invoices within 30 days as contemplated by section 65(2)(e) of the MFMA. The full population could only be considered after the closure of the financial year, and its veracity is currently being investigated. Once concluded, treated as prescribed and consequence management affected, the data would be included in the AFS notes for 2023/2024, and where necessary the required augmentations will be made.

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A Total number of 196 cases were identified as minor technical breaches, was rectified by the Accounting Officer owing to an amount of R1 226 096.54 (VAT inclusive) in terms of Section 36 (1)(b) of the MSC Regulations.

Current Year:

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
Non–compliance with Municipal SCM Regulations:		
- Deviations from SCM Procedures - R0 (2023: R29 636)	Irregular Payment without following SCM processes	Condoned and Written off by Council
- Preferential Procurement Regulations - R0 (2023: R5 213 687)	Supplier not registered on CSD / Accredited Supplier Database	Condoned and Written off by Council
- Preferential Procurement Regulations - R13 021 (2023: R0)	Incorrect Preference Points system applied	Condoned and Written off by Council
- Regulation 11 Preferential Procurement Policy Framework Act, 2000 - R0 (2023: R79 356)	The contract not awarded to the tenderer who scores the highest points	Condoned and Written off by Council
Non–compliance with Municipal Finance Management		
- Section 65 - R0 (2023: R63 741)	Creditor Payment in excess of 30 days	Condoned and Written off by Council
Other Non–compliance Issues:		
- Irregular salary payment - R433 (2023: R25 981)	Irregular salary payment	Recovered

49. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

49.1 MUNICIPAL FINANCE MANAGEMENT ACT

49.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	-
Council Subscriptions	2 091 007	2 196 834
Amount Paid - current year	(2 091 007)	(2 196 834)
Balance Unpaid (included in Creditors)	**-**	**-**

49.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	53 614 171	50 546 537
Amount Paid - current year	(53 614 171)	(50 546 537)
Balance Unpaid (included in Creditors)	**-**	**-**

49.1.3 Audit Fees

Opening Balance	-	-
Current year Audit Fees	5 707 592	4 770 906
External Audit - Auditor-General	5 620 610	4 685 217
Audit Committee	86 982	85 689
Amount Paid - current year	(5 707 592)	(4 770 906)
Balance Unpaid (included in Creditors)	**0**	**-**

49.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	30 607 068	28 774 541
Amount Paid - current year	(30 607 068)	(28 774 541)
Balance Unpaid (included in Creditors)	**-**	**-**

49.1.5 VAT

The amount of VAT input receivables is shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

The amount of VAT output payable is shown in Note 14. All VAT returns have been submitted by the due date throughout the year.

49.1.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

Interest charged on outstanding debtors - [MFMA 64 (2)(g)]

In terms of section 64 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality charges interest on long outstanding debtors.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2024

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (10)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	11 847 665
Goods / Services	Various (4)	Emergency (*)	23 868
Goods / Services	Directech (Pty) Ltd	Goods or services are produced or available from a sole supplier.	39 330

30 June 2024

			Type of Deviation		
	Total	**AmountR**	**Sole Supplier**	**Emergency**	**Exceptional Circumstances**
July	25	348 899	-	-	348 899
August	23	574 949	-	-	574 949
September	18	455 046	-	-	455 046
October	18	608 387	-	3 385	605 002
November	13	4 364 389	-	2 522	4 361 867
December	17	579 840	-	1 499	578 341
January	25	385 520	-	-	385 520
February	8	1 566 800	12 880	-	1 553 920
March	13	956 278	26 450	-	929 828
April	18	702 418	-	-	702 418
May	5	65 122	-	-	65 122
June	42	1 303 215	-	16 462	1 286 753
	225	**11 910 863**	**39 330**	**23 868**	**11 847 665**

A complete list, including reasons for deviation per transaction, is available. Below are details of a selection of the larger deviations. Amounts are Vat exclusive.

30 June 2024

Department	Tenderer	Reason	Amount (R)
Technical Services	National Sea Rescue Institute of South Africa CC	Exceptional Case: A recruitment and selection process was followed to appoint lifeguards. However successful appointments could not be made due to insufficient time to follow another process, three qoutations were obtained from the suppliers who have rendered this service before. NSRI was the cheapest supplier and was appointed by the BAC.	3 407 233 (estimate)
Corporate Services	Collaborative It Services	Exceptional case: Hessequa Municipality standardised on Nutanix. They are the developer of the software. Following a procurement process at this stage would lead to downtime and possibly higher cost, as the entire system will have to be rebuild as only Nutanix software can be used on the current infrastructure. The resellers, as provided by the developer were approached to provide quotations and collaborative it provided the cheapest quote.	1 282 294.60
Technical Services	Saltech (Pty) Ltd	Exceptional case: During the start-up of the desalination plant and alarm was encountered. The alarm warning was due to the HP pump not providing sufficient pressure. Due to the low pressure, the plant was unable to operate and produce water and the plant would switch off automatically.Failure to inspect the HP pump and program settings and resolve the alarm warning, would result in the residents of Witsand being without water during the summer season, as consumption during this time is also very high. Suppliers were contacted, but only Saltech, who is a local supplier and specialises in desalination plants could assist immediately to avoid a water crisis in Witsand.	1 165 222.50

Corporate Services	Eden FM	Exceptional case:The South African Constitution has identified communications with communities as a fundamental duty of every municipality. Hessequa Municipality takes its directive for communication from the constitutional imperative of freedom of information and the objectives of building a truly democratic state. Coupled to that and deeply enshrined in the Bill of Rights, is the right of people to participate in and be informed about the processes of government. in adherence to the Constitution (Section 152 (1) (e) and the Municipal Systems Act (Section 18). Hessequa Municipality utilises radio bradcasts as one of the communication channels. Eden FM is the only radion station in the Garden Route area whose broadcast range covers the entire Hessequa region.	316 607.16 (estimate)
Technical Services	Saltech (Pty) Ltd	Exceptional case: To avoid a water crisis in Witsand just before the Easter holiday season, the user department instructed Saltech (Pty) Ltd, who was on site for repairs and servicing of the enire desallination plant, to repair the fault that was detechted on the I-save pump. It would be impractical to follow a procurement process for the repairs of the I-save pump, because doing this would cause delays and potential extra costs if another supplier is appointed and would have to familiarise themselves with the fault before repairing the I-save pump.	258 900.00
Technical Services	Vikings Pony Africa Pumps (Pty) Ltd T/A Tricom	Exceptional case: 'Viking Pony Africa Pumps (Pty) Ltd T/A Tricom was appointed to a panel of service providers for the repairs of pumps in the Hessequa Area. Appointment was made by the BAC in July 2024. Due to the smell around the pumpstation an investigation was done and it found that the pumpstation was overflowing on the inside. This was due to the wiring of the motor that became faulty. This short circuting led to the gearbox burning and caused damage to the pump as well.	211 872.24
Eletrical Services	WS Forestry Equipment Repairs CC	Exceptional case: The TLB was faulty, as it did not want to start and had an oil leak on the engine as well. Other problems with the TLB were faulty lights, faulty driving shaft, faulty boom-log, faulty drivers seat and wipers. It would be impractical to follow a procurement process, as the vehicle must be stripped for a supplier to provide a accurate quotation. It would also impact service delivery as the TLB is used for removal of rubbish at dumping sites, pipe breaks, digging of ditches to lay electrical calbes and digging of holes in the cemetary.	180 461.00
Corporate Services	Ayakhawuzela Agencies (Pty) Ltd	Exceptional case: Morpho is a brandname and the software used by Hessequa Municipality, only works on Morpho devices. It would be impractical to follow a procurement process, because according to legislation, brandnames must be followed by the wording 'or equivalent'. Three quotations were obtained from suppliers and Ayakhawuleza Agencies (Pty) Ltd was the cheapest supplier.	177 600.00
Community Services	Working on Fire/Kushugu Training (Pty) Ltd	Exceptional case: Working on Fire/Kishugu avails there resources when the Municipality is in need during a fire or needs other related resources. A condition to the contract is that the Municipality is responsible for fuel cost for the kilometres travelled during such an event. It would be impractical to follow a procurement process for fuel for kilometres travelled as a contract has already been entered into.	162 646.80
Technical Services	Coastal Armature Winders	Exceptional case: Coastal Armature Winders was appointed to a panel of service providers for the repairs of pumps in the Hessequa Area. Appointment was made by the BAC in July 2024. during inspection it was found that the only pump operating at Olive Grove needed repairs as it was not pumping any water, which meant that it was not producing any water. Coastal Armature was the only supplier who could supply the Municipality with a pump, for the pumpstation to still produce water and repair the faulty pump.	159 380.00

30 June 2023

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (10)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	12 151 209
Goods / Services	Various (4)	Emergency (*)	340 895
Goods / Services	Directech (Pty) Ltd	Goods or services are produced or available from a sole supplier.	951 200

30 June 2023

			Type of Deviation		
	Total	**Amount R**	**Sole Supplier**	**Emergency**	**Exceptional Circumstances**
July	51	1 969 165	25 390	-	1 943 775
August	19	799 790	29 946	168 906	600 938
September	24	77 275	-	2 530	74 745
October	11	1 022 507	635 983	-	386 524
November	21	514 202	41 400	5 474	467 328
December	18	6 524 242	15 594	-	6 508 648
January	19	186 534	4 279	21 645	160 610
February	9	115 469	-	29 900	85 569
March	12	833 559	162 840	61 796	608 923
April	9	194 267	12 880	19 470	161 917
May	11	647 651	-	2 254	645 397
June	18	558 643	22 888	28 920	506 835
	222	**13 443 304**	**951 200**	**340 895**	**12 151 209**

A complete list, including reasons for deviation per transaction, is available. Below are details of a selection of the larger deviations. Amounts are VAT exclusive.

30 June 2023

Department	Tenderer	Reason	Amount (R)
Electrical Services	SA Professional Group of Companies	A procurement process was followed, whereby a request for quotations was sent to potential suppliers. The project was also advertised for seven (7) days. The quotations were evaluated and the successful supplier was appointed by the bid adjudication committee.	6 043 250
Financial Services	Business Connexion (Pty) Ltd	On 1 July 2020 the Municipality was informed by Business Connexion (Pty) Ltd (BCX) that the current financial system, Venus, would reach its end of life on 30 June 2021. The Munciipality did not have enough time to follow a procurement process and followed a deviation process to appoint BCX for the procurement of their Solar Financial System. BCX, being the owners of the Solar Financial Management system, was appointed via deviation to assist with the migration from the Venus financial system, to the Solar Financial System. Testing the market would be impractical, as no other service provider would be albe to assist with the migration and provide the necessary support.	1 481 200
Water, Sewerage and Sanitation	Impact Water Solutions (Pty) Ltd	IWS was the manufacturer of the Witsand Desalination Plant and could assist at short notice. The plant was producing low quality potable water. After an investigation was conducted, it was found that the membranes need to be replaced. During this time, Overberg was upgrading a section of their bulk water line from Heidelberg to Witsand and the water supply to the reservoir was cut. Overberg has another bulk line from Swellendam which feeds the Witsand reservoir, but this supply is low. If the membranes were not replaced, reprogramming of the plant and the repairing of a leak at the intake water pump, would have resulted in low quality clean water produced by the desalination plant and could also lead to a water crisis in the Witsand are, as the daily consumption was higher than the daily production, hence the department could not wait to follow an official procurement process.	606 175
Corporate Services	Business Enginering (Pty) Ltd - Collaborator Support	Business Enginering (Pty) Ltd developed the business process of the Municipality and they are familiar with the administration of the Municipality. Appointing another service provider during that stage was not practical, as a new integrated mSCOA system will be implemented. Appointing another service provider would have lead to delays which would cause financial and administrative implications. The Municipality migrated to the new Solar system on the 1st of September 2022 and will investigate available sub systems going forward.	1 250 782
Electrical Services	Bubesi Equipment CC	Repairs were done via the rotation system. The dozer had various oil leaks. The pilot control valve also needed to be replaced. Failure to repair the dozer would lead to the dumping site not being cleared, which could lead to health hazards.	289 827

49.1.7 Awards to close family members of persons in the service of the state

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy were made:

Company Name	Employee Name	Relationship Capacity	Organ of State Capacity	2024 R Purchases for the Year	2023 R Purchases for the Year
HAH Motors T/A Pro Motors	A. Stroebel	Owner	Councillor: Hessequa Mun	2 023 272	1 322 781
Henna's Catering	E du Preez	Owner	Clerk		
	J. du Preez		Teacher:WCED	205 510	195 300
	G. du Preez		Kannaland Municipality		
Story Team	BJ Loristou	Director	Western Cape Department of Education	38 000	35 000
AFG Muller	C Muller	Owner	Riversdal - Department of Health	-	15 943
SA Hofmeyer en Seun	Monique Hofmeyr	Owner	Dietician: Department of Health	630 784	1 010 655
Setlatlapi Business Enterprise	PC Lerefolo	Owner	Assistant Officer: Pre-Payment Development (Eskom)	-	242 490
Willvest Twenty Three (Pty) Ltd T/A Urhw	Craig Mostert	Owner	Health and Safety: Mosselbay Municipality	48 935 428	22 100 517
Aurecon/Zutari	HC Ahlschlager	Owner	Legal Representative		
	S. Seegers		Head: Security Architecture - City of Cape Town		
	K. Nadasen		Director: National Dept of Public Works	687 281	907 739
	T. Mncube		Specialist Category - Manager SCM: ACSA		
DC an AC Transport	Cynrol Saayman	Owner	Teacher: Molenrivier Primary	8 850	20 650
Stephens Transport	Ms. D. Stevens	Owner	Staff Member:WCED	9 720	6 500
Crawford and Pheiffers Uyathembeka Services	Nignon Crawford	Owner	Contract worker - Mossel Bay Municipality	57 163	53 927
Bigen Africa	Robert Aartsma	Owner	Junior Engineer: DWS Pretoria	-	263 643
Neil Lyners	H. Lyners	Owner	Engeneer: Western Cape Government	2 137 061	808 775
Ikapa Reticulation	Sophia Davids	Owner	Dept. Education: Teacher	-	14 169
Hendrik Johannes Cronje	Charlene Cronje	Owner	Secretary: Langenhoven High School	120 042	134 401
National Validation Services	Reginald Cox	Owner	State Security Agency	67 550	37 840
Royal Haskoning DHV (Pty) Ltd	Bongumusa Nhlakanipho/ Siphesighle Ntuli/ Salani Wilson Sithole	Owner	National Department of Health/ Deputy Director/ City of Johannesburg: Assistant Director	-	779 297
Jaco Arendse	Petronella Arendse	Owner	Teacher: Voorwaarts Primary	500	24 000
Seasons Find 982 CC	YJ Daniels	Owner	Admin Clerk: Hessequa Municipality	12 189	178 310
CRR Enterprise	CJ Riddels	Owner	Handyman: Hessequa Municipality	597 999	416 280
N Cronje t/a WG Pompe	M Cronje	Owner	Head: Employee relations - Hessequa Municipality	3 478	118 992
Silverstar Construction	J Michaels	Owner	Clerk: Hessequa Mun	394 397	315 127
Germaine Bernadine Witbooi	Hennie Witbooi	Owner	Staff member: Hessequa Municipality	-	13 750

Paulsen Maintenance and General Dealers/Carl Paulsen	E Snyers	Owner	Staff Member - Hessequa Municipality	250	-
NSRI	SR Modack-Robertson	Owner	District Manager: Provinsial Government (WC) EMS	1 032 938	-
Polyrub Linnings	A Groenwald	Owner	Staff Member - Hessequa Municipality	11 755	-
Jordaan Hardware	A Jordaan	Owner	Chemist - Riversdale Provincial Hospital	36 121	-
Virgo Goods And Services (Pty) Ltd	R Rossouw	Owner	Staff Member - Hessequa Municipality	46 914	-
DPI TRUCK	H Pienaar	Owner	Staff Member - Hessequa Municipality	65 401	-
Ducharme Assets Management and Accounting (Pty) Ltd	L Mbekeni	Owner	Department of Rural Development and Land Reform	647 134	-
Total Purchases				**57 769 737**	**29 016 086**

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

49.1.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA
Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value R
30 June 2024	Unaccounted Electricity Losses	6 020 553	1.9076	11 484 806
30 June 2023	Unaccounted Electricity Losses	5 932 928	1.7103	10 146 922

Technical losses are the losses within the distribution network caused by the resistance to the flow of electricity forming part of items such as overhead lines, cables and transformers. Since Hessequa Municipality provides power to a number of towns (holiday destinations), with a very low load factor, which is also developed along the coast in long narrow sections resulting in long radial electrical feeders, the technical losses are higher than that of the other towns. Faulty meters are replaced as soon as they are reported. Losses increased from 7.47% in 2022/2023 to 7.52% in 2023/2024. Generators are used generate power during load shedding and the units generated are not measured. This has a significant influence on the reduction of line losses and mechanisms will need to be put in place to measure these losses.

	2024	2023
Volumes in kWh/year:		
System Input Volume	80 063 935	79 454 305
Billed Consumption	74 043 383	73 521 377
Unaccounted	6 020 553	5 932 928
Normal distribution losses - 8% of electricity purchases	-	-
	6 020 553	5 932 928
Percentage Distribution Loss	7.52%	7.47%

Water:

		Lost Units	Tariff	Value R
30 June 2024	Unaccounted Water Losses: Riversdal	119 122	0.9077	108 127.04
	Unaccounted Water Losses: Heidelberg ai	45 850	13.7300	629 520.50
	Unaccounted Water Losses: Slangriver	44 872	10.6200	476 540.64
30 June 2023	Unaccounted Water Losses: Riversdal	96 809	0.7856	76 057.70
	Unaccounted Water Losses: Heidelberg ai	21 261	12.6500	268 951.65
	Unaccounted Water Losses: Slangrivier	25 191	10.7100	269 795.61

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported. The loss of water is further indicative of ageing infrastructure assets requiring improved maintenance and upgrading. Council is however currently investigating further possibilities to reduce the loss. The water infrastructure is very old, and millions of rands is required to finance the backlog.

	2024	2023
Volumes in Kl/year:		
System Input Volume	1 479 563	1 510 866
Billed Consumption	1 269 718	1 367 604
Distribution Loss	209 845	143 262
Percentage Distribution Loss	14.18%	9.48%

49.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

50. COMMITMENTS FOR EXPENDITURE	**2024 R**	**2023 R**
50.1 Capital Commitments		
- Approved and Contracted for:-	**2 455 898**	**14 876 857**
Infrastructure	2 455 898	14 876 857
Total Capital Commitments	**2 455 898**	**14 876 857**
This expenditure will be financed from:		
Government Grants, internal and external finance	2 455 898	14 876 857
	2 455 898	**14 876 857**

The Capital Commitments are VAT inclusive.

50.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 15.1.

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30 November 2024
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51. FINANCIAL INSTRUMENTS

51.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	17 167 575	17 263 443
Receivables from Exchange Transactions	Refuse	3 403 327	3 310 795
Receivables from Exchange Transactions	Sewerage	2 883 614	2 598 913
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	1 065 540	412 095
Receivables from Exchange Transactions	Water	6 011 544	5 691 369
Receivables from Exchange Transactions	Other Service Charges	537 461	1 133 197
Receivables from Exchange Transactions	Property Rental Debtors	188 391	419 843
Receivables from Exchange Transactions	Deposits for Land	226 782	319 782
Receivables from Non-exchange Transactions	Availability Charges	7 469 514	7 023 596
Cash and Cash Equivalents	Call Deposits	483 671 681	408 736 371
Cash and Cash Equivalents	Bank Balances	3 742 110	6 069 772
Cash and Cash Equivalents	Cash Floats and Advances	107 460	107 460
Total Financial Assets		**526 474 999**	**453 086 635**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities at Amortised Cost:			
Non-current Borrowings	Annuity Loan	122 421 483	144 425 210
Consumer Deposits	Electricity	11 290 628	10 220 882
Consumer Deposits	Other Deposits	2 674 776	2 773 808
Trade and Other Payables	Other Payables	8 403 728	8 363 504
Trade and Other Payables	Retentions	8 524 244	5 538 679
Trade and Other Payables	Trade Creditors	37 901 360	31 899 035
Current Borrowings	Development Bank of South Africa	21 950 521	23 684 885
Total Financial Liabilities		**213 166 741**	**226 906 003**

No Financial Instruments of the municipality have been reclassified during the year.

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2024		30 June 2023	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	526 474 999	526 474 999	453 086 635	453 086 635
Receivables from Exchange Transactions	31 484 234	31 484 234	31 149 437	31 149 437
Receivables from Non-exchange Transactions	7 469 514	7 469 514	7 023 596	7 023 596
Call Deposits	483 671 681	483 671 681	408 736 371	408 736 371
Bank Balances	3 742 110	3 742 110	6 069 772	6 069 772
Cash and Cash Equivalents	107 460	107 460	107 460	107 460
Total Financial Assets	526 474 999	526 474 999	453 086 635	453 086 635
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	213 166 741	213 166 741	226 906 003	226 906 003
Annuity Loan	122 421 483	122 421 483	144 425 210	144 425 210
Consumer Deposits	13 965 404	13 965 404	12 994 690	12 994 690
Trade and Other Payables:				-
- Payables from Exchange Transactions	54 829 332	54 829 332	45 801 217	45 801 217
Current Borrowings	21 950 521	21 950 521	23 684 885	23 684 885
Total Financial Liabilities	213 166 741	213 166 741	226 906 003	226 906 003
Net Financial Instruments	313 308 258	313 308 258	226 180 633	226 180 633

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality’s overall strategy remains unchanged from 2023.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 16, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

	2024 R	2023 R
The gearing ratio at the year-end was as follows:		
Debt	144 372 004	168 110 095
Cash and Cash Equivalents	(483 779 141)	(408 843 831)
Net Debt	(339 407 137)	(240 733 736)
Equity	1 323 820 832	1 219 899 808
Net debt to equity ratio	**-25.64%**	**-19.73%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

51.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Refer to Note 51.6 below for more detail

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investments held with registered financial institutions. Refer to Note 51.8 below for more detail.

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 51.9 to the Annual Financial Statements.

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.6 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

51.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in foreign currency.

51.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

<u>Interest Rate Sensitivity Analysis</u>
The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 51.9 below:

Cash and Cash Equivalents:
If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:
- Surplus for the year ended 30 June 2024 would have increased / decreased by R1 127 775 (30 June 2023: R971 770). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

The municipality's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

Finance Lease Liabilities:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:
- Surplus for the year ended 30 June 2024 would have decreased / increased by R0 (30 June 2023: decreased / increased by R0). This is mainly attributable to the municipality's exposure to interest rates on its variable rate borrowings; and

The municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

Sensitivity analysis - Interest rate

Financial Assets:

30 June 2024

Actual average interest rate for the year	**9.62%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Financial Assets Balance (Average)	R 451 109 967	R 451 109 967	R 451 109 967	R 451 109 967
Finance Income - Variable Rates	R 43 386 407	R 44 514 182	R 45 641 956	R 47 897 506
Average Interest Rate for the year - Floating Rate Investments	9.62%	9.87%	10.12%	10.62%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue excluding Finance Income	R 696 425 574	R 696 425 574	R 696 425 574	R 696 425 574
Finance Income - Fixed Rates	R -	R -	R -	R -
Total Revenue	R 739 811 981	R 740 939 756	R 742 067 531	R 744 323 080
Total Expenditure	R 653 444 825	R 653 444 825	R 653 444 825	R 653 444 825
Performance Measure				
Annual Profit	R 86 367 155	R 87 494 930	R 88 622 705	R 90 878 255
Increase / (Decrease in Profit	R -17 138 062	R 1 127 775	R 2 255 550	R 4 511 100

30 June 2023

Actual average interest rate for the year	**7.55%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Financial Assets Balance (Average)	R 388 707 972	R 388 707 972	R 388 707 972	R 388 707 972
Finance Income - Variable Rates	R 29 341 031	R 30 312 801	R 31 284 571	R 33 228 111
Average Interest Rate for the year - Floating Rate Investments	7.55%	7.80%	8.05%	8.55%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue excluding Finance Income	R 637 973 060	R 637 973 060	R 637 973 060	R 637 973 060
Finance Income - Fixed Rates	R -	R -	R -	R -
Total Revenue	R 667 314 092	R 668 285 862	R 669 257 632	R 671 201 171
Total Expenditure	R 605 076 568	R 605 076 568	R 605 076 568	R 605 076 568
Performance Measure				
Annual Profit	R 62 237 523	R 63 209 293	R 64 181 063	R 66 124 603
Increase / (Decrease in Profit	R -26 252 504	R 971 770	R 1 943 540	R 3 887 080

Sensitivity analysis - Interest rate

Financial Liabilities:

30 June 2024

Actual average interest rate for the year	**0.00%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Loans Balance (Average)	R 34 394	R 34 394	R 34 394	R 34 394
Finance Cost - Variable Rates	R -	R -	R -	R -
Average Interest Rate for the year - Floating Rate Loans	0.00%	0.25%	0.50%	1.00%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue	R 739 811 981	R 739 811 981	R 739 811 981	R 739 811 981
Total Expenditure excluding Finance Cost	R 647 988 054	R 647 988 054	R 647 988 054	R 647 988 054
Finance Cost - Fixed Rates	R 5 456 771	R 5 456 771	R 5 456 771	R 5 456 771
Total Expenditure	R 653 444 825	R 653 444 825	R 653 444 825	R 653 444 825
Performance Measure				
Annual Profit	R 86 367 155	R 86 367 155	R 86 367 155	R 86 367 155
Increase / (Decrease in Profit	R -17 138 062	R -	R -	R -

30 June 2023

Actual average interest rate for the year		**0.00%**

Input variables	**Values**	**Values**	**Values**	**Values**
Floating Rate Loans Balance (Average)	R 29 642	R 29 642	R 29 642	R 29 642
Finance Cost - Variable Rates	R -	R -	R -	R -
Average Interest Rate for the year - Floating Rate Loans	0.00%	0.25%	0.50%	1.00%
Change in Interest Rate		0.25%	0.50%	1.00%
Intermediate Calculations				
Total Revenue	R 667 314 092	R 667 314 092	R 667 314 092	R 667 314 092
Total Expenditure excluding Finance Cost	R 599 619 797	R 599 619 797	R 599 619 797	R 599 619 797
Finance Cost - Fixed Rates	R 5 456 771	R 5 456 771	R 5 456 771	R 5 456 771
Total Expenditure	R 605 076 568	R 605 076 568	R 605 076 568	R 605 076 568
Performance Measure				
Annual Profit	R 62 237 523	R 62 237 523	R 62 237 523	R 62 237 523
Increase / (Decrease in Profit	R -26 252 504	R -	R -	R -

51.7 Liquidity Risk Management

The municipality’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity’s reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market. The municipality’s risk to liquidity is a result of the funds necessary to cover future commitments. The municipality manages liquidity risk through an on-going review of future commitments and available funds. Cash flow forecasts are prepared to ensure adequate utilisation and optimisation of funds.

51.8 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality’s exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2024 R	2023 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	65 742 849	56 196 630
Bank, Cash and Cash Equivalents	487 521 251	414 913 603
Maximum Credit and Interest Risk Exposure	**560 733 614**	**478 133 828**

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	89.20	86.97
- Other Receivables	5.61	6.81
- Prepayments and Advances	4.90	5.75
- Other Minor Classes	0.29	0.48
Total Credit Risk	**100.00**	**100.00**

Bank and Cash Balances	**R**	**R**
Call investments and current account	487 413 791	414 806 143
Cash Equivalents	107 460	107 460
Total Bank and Cash Balances	**487 521 251**	**414 913 603**

The municipality holds deposits to the amount of R13 965 404 (2023: R12 994 690) as security for oustanding debt of its receivables.

None of the financial assets that are fully performing, have been renegotiated in the last year.

Refer to Note 3.1 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.

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51. FINANCIAL INSTRUMENTS (Continued)

51.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	12 Months or less	Between 2 and 5 Years	Between 6 and 10 Years	More than 10 Years
	#	%	R	R	R	R	R
30 June 2024							
Non-interest Bearing			68 794 737	68 794 737	-	-	-
- Consumer Deposits			13 965 404	13 965 404	-	-	-
- Payables from Exchange transactions			54 829 332	54 829 332	-	-	-
Fixed Interest Rate Instruments			199 307 828	35 509 998	113 725 789	50 072 041	-
- Annuity Loan		10.90%	199 307 828	35 509 998	113 725 789	50 072 041	-
			268 102 565	**104 304 735**	**113 725 789**	**50 072 041**	**-**
30 June 2023							
Non-interest Bearing			58 795 908	58 795 908	-	-	-
- Consumer Deposits			12 994 690	12 994 690	-	-	-
- Payables from Exchange transactions			45 801 217	45 801 217	-	-	-
Fixed Interest Rate Instruments			238 830 557	39 523 373	124 234 492	75 072 692	-
- Annuity Loan		10.90%	238 830 557	39 523 373	124 234 492	75 072 692	-
			297 626 465	**98 319 281**	**124 234 492**	**75 072 692**	**-**

52. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the LA Retirement Fund, a defined contribution scheme, and the National Fund for Municipal Workers and SAMWU National Provident Fund, which is a defined contribution fund. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.
It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R24 797 968 (2023: R23 233 633) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

52.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund, previously Cape Joint Pension Fund (Defined Benefit Scheme)**:**
The last statutory valuation was performed as at 30 June 2022.

The actuarial valuation report at 30 June 2023 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2 163 627 000 (30 June 2022 : R1 976 184 000), net investment reserve of R0 (30 June 2022 : R0) and with a funding level of 100% (2022 : 100%).

Consolidated Retirement Fund, previously Cape Joint Retirement Fund:
The most recent valuation for the Consolidated Retirement Fund was perfomed for the year ended 30 June 2023. As at the valuation date, the total value of net assets of the Fund was R42.710 billion **(2022: R36.503 billion).**

An effective investment return of 15% (2022: 5.9%) per annum was awarded for the Growth Portfolio.

A pension increase of 8% (2022: 9%) was granted to pensioners effective 01 March 2023. A Pensioner bonus of 200% of monthly pension was payable in December 2022. A special pensioner bonus of 300% of annual pension was payable June 2023.

The funding level for the Member Share Account, Preservation Account and Living Annuity Account were 100.2% as at valuation date. The Processing Reserve Account represents -0.1% of the sum of the Members' shares and Living Annuity Accounts.

SALA Pension Fund
The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. It is a multi-employer plan and the contribution rate payable is 9% by the members and 18% by Council. The most recent valuation satement was the monthly report as at 30 June 2023.

The total market value of the investments held by the Fund on the valuation date was R14.4 billion.

53. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality. The remuneration of councillors is set out in note 33 of the Annual Financial Statements.

53.1 Current Employee Benefits

The Municipality has current employee benefit obligations and made other non-Employee Related Cost payments towards senior management. The details have been disclosed in note 32.

53.2 Loans granted to Related Parties

In terms of the MFMA section 164 (1) (c), the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

53.3 Compensation of Related Parties

The compensation of key management personnel is set out in note 32 to the Annual Financial Statements.

53.4 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Municipal Capacity	Nature of relationship	2024 R Purchases for the Year	2023 R Restated Purchases for the Year
HAH Motors T/A Pro Motors	A Stroebel	Councillor: Hessequa Mun	Owner	2 023 272	1 322 781
DPI TRUCK	H Pienaar	Staff Member - Hessequa Municipality	Owner	65 401	-
Polyrub Linnings	A Groenwald	Staff Member - Hessequa Municipality	Owner	11 755	-
Virgo Goods And Services (Pty) Ltd	R Rossouw	Staff Member - Hessequa Municipality	Owner	46 914	-
Paulsen Maintenance and General Dealers/Carl Paulsen	E Snyers	Staff Member - Hessequa Municipality	Owner	250	-
Germaine Bernadine Witbooi	Hennie Witbooi	Staff member: Hessequa Municipality	Owner	-	13 750
Seasons Find 982 CC	YJ Daniels	Admin Clerk: Hessequa Municipality	Owner	12 189	178 310
CRR Enterprise	CJ Riddels	Handyman: Hessequa Municipality	Owner	597 999	416 280
N Cronje t/a WG Pompe	M Cronje	Head: Employee relations - Hessequa Municipality	Owner	3 478	118 992
Silverstar Construction	J Michaels	Clerk: Hessequa Mun	Owner	394 397	315 127
Henna's Catering	E du Preez	Clerk: Hessequa Mun	Owner	205 510	195 300
Total Purchases				**3 361 165**	**2 560 540**

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

54. CONTINGENT LIABILITIES

54.1 Court Proceedings:	**10 531 551**	**10 297 365**
DB Joubert V HM: Applicant claimed damages from the Municipality regarding flood damage suffered a number of years ago. The matter is still ongoing and the Municipality has appointed Attorneys in this regard. R14 708 has already been paid but further costs will be incurred.	40 000	40 000
T. Lots - Labour Court Application - Unfair Labour Practice	150 000	150 000
Gilie de Kock -High Court Interdict - Access to water source. This matter has been finalised in 2023/2024 year of assessment.	-	400 000
J Pieters / HM: High Court Application - Injury on Duty	30 000	30 000
Minister of Water & Sanitation / HM: Litigation regarding water sources used and charges relating to water sources. Summons from the High Court was received on 30 November 2020. There have been delays in the matters and correspondence from the Minister was not always clear. The initial conclusion was that the matter would not go ahead.	2 541 904	2 541 904
Aloepark Development - High Court Application - Issuing of occupancy certificate. This matter has been finalised in 2023/2024 year of assessment.	-	400 000
Laser Quiz cc//Trustees in their capacity of the Johannes van Waart Familytrust and other - Dispute regarding approval of building plans. This matter was settled between the parties. The Applicant believe that the municipality must pay part of the legal costs incurred.	372 499	372 499
Eric Petersen v Albertinia Rangers Rugby Club / HM : Applicant alleges that he entered into an oral agreement with the Municipality for the development of municipal land. Applicant claims damages from the Municipality.	4 595 803	4 595 803
C. Michiel - Labour Court Application - Unfair Labour Practice	50 000	50 000
Alphaplan Ontwikkelaars CC - Unlawful Enrichment Claim - Dispute Rates Clearance Certificate Costs. This matter has been finalised in the 2023/2024 year of assessment.	-	50 000
Amelia Punt/ Hessequa Municipality and Western Cape Dept. of Transport and Public Works - Claim for damages (Plaintiff fell on a section of a sidewalk and mis-stepped into a hole in the pavement and consequently broken her shoulder)	50 000	50 000
A. Voss - Labour Court Application - Unfair Labour Practice	50 000	50 000

VAT Output Tax (Penalties and interest) - Western Cape Provincial Library Grant	2 351 345	1 567 159

The municipality has made a provision for a VAT liability based on a technical interpretation of the treatment of VAT on library and based on the prudent application of GRAP 19 requirements. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, has uncertainty on this matter and is in process of seeking further clarification. In terms of this uncertainty, the provision made is limited to the actual VAT payable on subsidies received by the municipality over the last 6 years (R 7 454 869.57) and 5 years (R 5 960 869.57). Please refer to notes 19 and GRAP 3 for more

The provision made excludes possible Interest and Penalties that may be owed to SARS.

The estimate for Interest and Penalties payable at 30 June 2024 is calculated as R 2 351 344.87 (2023: R 1 567 159.32). According to Section 217(3) of the Tax Administration Act (TAA), the municipality may apply to The South African Revenue Service (SARS) for the reversal of the percentage penalty imposed in terms of section 213, if SARS is satisfied that the penalty which has been imposed in respect of a “first incidence” of non-compliance, reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R 745 486.96 (2023: R 596,087). Section 223 of the TAA, however, also imposes an additional understatement penalty of between 10% and 150%, with the applicable penalty based on a spectrum of behavioural criteria. Due to uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

Due to the uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

B Hendriks - Labour Court Application - Unfair Labour Practice	150 000	-
E Jackson - Labour Court Application - Unfair Labour Practice	150 000	-

55. CONTINGENT ASSETS

Vivren Properties (Pty) Ltd. - gaurantee Package Sewerage Plant (Phase 1) - Preekstoel Beach Estate	**-**	**3 700 000**

All the conditions have been met and that the sewage package plant and relevant infrastucture has been successfully completed.

56. ANALYSIS OF PRINCIPAL / AGENCY ACCOUNTING

56.1 Municipality acting as the Principal

56.1.1 Prepaid Electricity Vendor

Hessequa Municipality requires a prepayment vending and management system. The system must provide for all types of payment methods. System must be operational on a 24 hour per day, 7 days a week, 365 days in a year basis.

The municipality entered into binding agreements with different vendors to distribute pre-paid electricity to third parties and the vendors pay the revenue received over to the municipality.

Compensation paid for Agency Activities:

Commission to various	846 195	727 964
Compensation to Ontec	634 651	968 579
Total Compensation Paid	**1 480 846**	**1 696 543**

The municipality paid between .05% and 2% commission to vendors for acting as agents on its behalf during the financial year.

In the event that the arrangement is terminated and the municipality decides to provide the service and not make use of a contractor, the municipality will as a minimum have to procure an operating vending and management system for prepaid electricity, related licences and possibly employ additional staff to manage the system and network. Commission will still be payable to the various retail outlets where our hardware will be based.

56.2 Municipality acting as the Agent

56.2.1 Motor Vehicle Licensing and Registration

The municipality acts as agent for the Western Cape's Department of Transport and Public Works where it provides motor vehicle registration and licensing services on behalf of the department.

As per Circular R12, 1994 the executive committee at the provincial administration of the Cape of Good Hope and the Department of State expenditure granted authority that an agency fee be paid to local authorities who have been appointed as registering authorities in the Western Cape province for the registration and licensing of motor vehicles in terms of the National Road Traffic Act 93 of 1996.

Hessequa municipality is the agent in this binding agreement and uses its own resources in performing the service delivery and capturing the information on the ENATIS (Electronic National Administration Traffic Information System).

Agency Fee Circular R5.2005 further states that all municipalities must perform weekly pay-overs in terms of MFMA 56 of 2003 section 64(4).

The municipality was paid 12% commission by the Western Cape province for acting as an agent for acting on its behalf during the financial year.

The services are rendered in Riversdale, Still Bay, Heidelberg and Albertinia in the municipality's district. The costing system does not have the functionality to account for the principal-agent expense transactions separately. Therefore no principal-agent specific costs could be disclosed.

	2024 R	2023 R
Drivers licenses		
Revenue received from third parties	573 160	582 540
Payment to provincial traffic department	(323 426)	(328 719)
	249 734	**253 821**
Vehicle Registrations		
Revenue received from third parties	26 115 086	26 649 066
Payment to provincial traffic department	(23 367 808)	(23 840 669)
	2 747 279	**2 808 397**

57. EVENTS AFTER THE REPORTING DATE

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

58. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 45.).

59. GOING CONCERN ASSESSMENT

Management also considered the following matters in relation to the Going Concern position of Hessequa Municipality:

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

60. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has eight primary reportable segments:

- **The segment for Executive and Council Services:-**

- This segment consists of executive services and support services to the executive.

- **The segment for Finance and Administration Services:-**

- This segment consists of services such as finance & administration.

- **The segment for Community and Social Services:-**

- This segment consists of all services for community & social development, public safety, providing of health to the community and sport & recreation.

- **The segment for Road Transport Services:-**

- This segment consists of all services for providing roads & storm water in the municipal area.

- **The segment for Energy Sources:-**

- This segment consists of all services for energy supply to the community.

- **The segment for Waste Management:-**

- This segment consists of all services for the management of solid waste in the municipal area.

- **The segment for Waste Water Management:-**

- This segment consists of all services for the management of waste water, including sewage, in the municipal area.

- **The segment for Water Management:-**

- This segment consists of all services for water supply to the community.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment’s operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

The municipality does not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

HESSEQUA LOCAL MUNICIPALITY

60.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2024

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates	-	130 038 262	-	-	-	-	-	-	130 038 262
Fines, Penalties and Forfeits	-	358 341	54 540 475	-	8 645	-	-	-	54 907 461
Licences and Permits	-	-	2 070 269	-	-	-	-	-	2 070 269
Transfers and Subsidies	16 476 054	4 668 888	653 258	19 901 672	14 985 414	13 300 695	16 251 600	23 279 885	109 517 466
Service Charges	-	-	-	-	5 671 621	-	3 118 630	2 351 459	11 141 710
Interest Earned - Non-exchange Receivables	-	819 760	-	-	-	-	-	-	819 760
Revenue from Exchange Transactions									
Service Charges	-	-	-	-	204 276 607	34 191 835	28 865 299	53 166 681	320 500 422
Sales of Goods and Rendering of Services	-	25 616 304	24 885 055	-	-	9 030	-	-	50 510 390
Income from Agency Services	-	-	2 997 013	-	-	-	-	-	2 997 013
Rental from Fixed Assets	-	3 242 437	491 654	28 390	-	-	-	-	3 762 481
Interest, Dividends and Rent on Land Earned	-	43 621 520	-	-	399 884	619 292	621 445	964 531	46 226 673
Operational Revenue	519 771	6 140 550	622 404	22 806	2 957	11 586	-	-	7 320 075
Total Revenue	**16 995 825**	**214 506 063**	**86 260 127**	**19 952 868**	**225 345 129**	**48 132 439**	**48 856 973**	**79 762 557**	**739 811 981**
EXPENDITURE									
Employee Related Costs	17 529 058	58 607 379	55 455 255	26 172 419	16 430 353	14 455 280	13 610 970	14 784 442	217 045 156
Remuneration of Councillors	8 470 688	-	-	-	-	-	-	-	8 470 688
Depreciation and Amortisation	77 931	2 174 307	3 546 573	14 138 135	5 550 054	5 992 093	6 350 294	4 775 755	42 605 142
Bad Debts Written Off	-	844 278	43 687 310	-	127 796	1 137 862	1 105 528	1 505 410	48 408 183
Impairment Losses	-	1 927 300	(226 565)	-	1 244 660	1 911 144	1 868 017	3 038 839	9 763 395
Interest, Dividends and Rent on Land	-	270 768	698 851	3 352 852	4 222 633	6 467 417	4 435 462	2 587 467	22 035 450
Bulk Purchases	-	-	-	-	157 153 258	-	-	-	157 153 258
Contracted Services	2 016 634	30 299 057	16 318 345	4 349 898	2 935 456	3 346 836	4 121 832	3 469 325	66 857 383
Inventory Consumed	42 674	1 660 493	6 426 154	9 415 811	4 457 676	2 777 933	4 512 306	13 444 321	42 737 368
Transfers and Subsidies Paid	1 347 759	160 039	327 250	-	-	-	-	-	1 835 047
Operating Leases	-	1 389 685	325 470	52 833	20 847	-	34 160	-	1 822 995
Operational Costs	5 386 801	12 899 336	3 343 133	2 152 110	4 012 718	2 095 422	1 261 814	3 742 494	34 893 829
Total Expenditure	**34 871 546**	**110 232 643**	**129 901 776**	**59 634 057**	**196 155 450**	**38 183 985**	**37 300 384**	**47 348 053**	**653 627 895**
Gains and Losses:									
Gains on Other Operations	6 110 467	12 920 816	-	-	-	-	-	-	19 031 283
Losses on Other Operations	42 900	0	-	-	-	0	(0)	(1 214 189)	(1 171 289)
Disposal of Fixed and Intangible Assets:									
Gains on Disposal of Property, Plant and Equipm	-	852 597	-	-	-	-	-	-	852 597
Loss on Disposal of Property, Plant and Equipme	(33 524)	(193 591)	(141 126)	(353 998)	(605 614)	(924)	(49 493)	(13 190)	(1 391 460)
Surplus/(Deficit) for the Year	**(11 755 878)**	**117 853 242**	**(43 782 775)**	**(40 035 187)**	**28 584 065**	**9 947 529**	**11 507 096**	**31 187 124.57**	**103 505 218**

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HESSEQUA LOCAL MUNICIPALITY

Year Ended 30 June 2023

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates		119 965 470	-	-	-	-	-	-	119 965 470
Fines, Penalties and Forfeits	-	1 553 398	52 877 938	-	9 078	-	-	-	54 440 413
Licences and Permits	-	-	2 019 737	-	-	-	-	-	2 019 737
Transfers and Subsidies	54 287 000	14 013 297	449 822	12 596 261	6 893 000	-	2 347 939	2 791 921	93 379 239
Service Charges	-	-	-	-	5 426 342	-	2 811 885	2 232 229	10 470 455
Interest, Dividends and Rent on Land Earned	-	778 756	-	-	-	-	-	-	778 756
Revenue from Exchange Transactions									
Service Charges	-	-	-	-	179 079 873	31 316 431	26 818 280	49 048 505	286 263 089
Sales of Goods and Rendering of Services	-	33 285 911	23 417 758	183 565	-	13 491	-	-	56 900 725
Income from Agency Services	-	-	3 062 218	-	-	-	-	-	3 062 218
Rental from Fixed Assets	-	3 154 690	351 467	26 790	-	-	-	-	3 532 947
Interest, Dividends and Rent on Land Earned	-	29 520 142	-	-	384 469	494 191	472 605	800 126	31 671 533
Operational Revenue	617 080	3 468 007	673 787	70 635	-	-	-	-	4 829 509
Total Revenue	**54 904 080**	**205 739 671**	**82 852 728**	**12 877 251**	**191 792 762**	**31 824 113**	**32 450 708**	**54 872 780**	**667 314 092**
EXPENDITURE									
Employee Related Costs	18 007 925	58 255 390	53 577 183	24 496 036	14 671 857	13 224 208	12 980 574	13 829 588	209 042 760
Remuneration of Councillors	8 412 974	-	-	-	-	-	-	-	8 412 974
Depreciation and Amortisation	96 101	1 960 762	3 582 647	13 042 257	5 015 627	3 516 346	5 975 498	4 434 193	37 623 431
Bad Debts Written Off	-	1 344 738	40 739 050	-	252 231	1 663 498	1 625 956	2 604 052	48 229 525
Impairment Losses	-	129 996	1 213 266	-	(751 102)	284 839	268 440	(32 040)	1 113 400
Interest, Dividends and Rent on Land	-	250 997	652 649	2 638 267	4 125 800	7 483 423	3 105 060	2 373 479	20 629 676
Bulk Purchases	-	-	-	-	139 141 289	-	-	-	139 141 289
Contracted Services	1 894 070	35 097 325	13 179 533	3 052 716	2 071 011	2 981 082	3 836 886	1 829 678	63 942 299
Inventory Consumed	44 367	1 368 240	5 887 134	7 551 006	8 939 283	2 903 394	3 656 427	11 961 860	42 311 711
Transfers and Subsidies Paid	1 427 621	139 885	281 385	-	-	-	-	-	1 848 891
Operating Leases	-	1 384 430	202 434	112 335	16 667	119 468	39 510	-	1 874 845
Operational Costs	5 462 326	12 238 127	3 463 963	2 029 767	3 847 307	(7 160 285)	1 097 762	1 810 541	22 789 508
Total Expenditure	**35 345 384**	**112 169 890**	**122 779 245**	**52 922 383**	**177 329 970**	**25 015 973**	**32 586 113**	**38 811 352**	**596 960 309**
Gains and Losses:									
Gains on Other Operations	15 242 688	3 226 050	-	-	-	-	-	-	18 468 738
Losses on Other Operations	(10 358)	(2 232 093)	0	-	-	-	-	(614 805)	(2 857 256)
Disposal of Fixed and Intangible Assets:									
Gains on Disposal of Property, Plant and Equipm	12 270	1 356 141	21 716	424 916	46 404	-	663	2 411	1 864 520
Loss on Disposal of Property, Plant and Equipme	(33 987)	(822 775)	(108 306)	(262 475)	222 472	1 041 287	239 003	385 023	660 242
Surplus/(Deficit) for the Year	**34 769 309**	**95 097 104**	**(40 013 107)**	**(39 882 691)**	**14 731 667**	**7 849 427**	**104 261**	**15 834 056.98**	**88 490 027**

60.2 Other Segmental Analysis Disclosures

Year Ended 30 June 2024

Description	**Executive and Council**	**Finance and Administration**	**Community and Social Services**	**Road Transport**	**Energy Sources**	**Waste Management**	**Waste Water Management**	**Water Management**	**Total for Municipality**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Financial Position									
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	226 782	-	-	-	-	-	-	226 782
- Electricity	-	-	-	-	17 167 575	-	-	-	17 167 575
- Refuse	-	-	-	-	-	3 403 327	-	-	3 403 327
- Sewerage	-	-	-	-	-	-	2 883 614	-	2 883 614
- Water	-	-	-	-	-	-	-	6 011 544	6 011 544
- VAT Receivable	-	1 014 368	-	-	-	-	-	-	1 014 368
- Other Receivables	-	5 561 355	-	-	-	-	-	-	5 561 355
	-	6 802 505	-	-	17 167 575	3 403 327	2 883 614	6 011 544	36 268 565
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	12 499 283	-	-	-	-	-	12 499 283
- Property Rates	-	10 410 149	-	-	-	-	-	-	10 410 149
- Service Charges	-	-	-	-	651 821	-	340 659	248 875	1 241 355
	-	10 410 149	12 499 283	-	651 821	-	340 659	248 875	24 150 786
Capital Assets:									
- Property, Plant and Equipment	-	1 136 381 621	-	-	-	-	-	-	1 136 381 621
- Intangible Assets	-	192 223	-	-	-	-	-	-	192 223
- Investment Property	-	105 082 106	-	-	-	-	-	-	105 082 106
- Heritage Assets	-	8 451 512	-	-	-	-	-	-	8 451 512
	-	1 250 107 462	-	-	-	-	-	-	1 250 107 462
Total for Financial Position	**-**	**1 267 320 116**	**12 499 283**	**-**	**17 819 396**	**3 403 327**	**3 224 273**	**6 260 419**	**1 310 526 813**
Capital Expenditure									
Property, Plant and Equipment	-	123 230 985	-	-	-	-	-	-	123 230 985
Total for Capital Expenditure	**-**	**123 230 985**	**-**	**-**	**-**	**-**	**-**	**-**	**123 230 985**

HESSEQUA LOCAL MUNICIPALITY

Year Ended 30 June 2023

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
Financial Position									
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	319 782	-	-	-	-	-	-	319 782
- Electricity	-	-	-	-	17 263 443	-	-	-	17 263 443
- Refuse	-	-	-	-	-	3 310 795	-	-	3 310 795
- Sewerage	-	-	-	-	-	-	2 598 913	-	2 598 913
- Water	-	-	-	-	-	-	-	5 691 369	5 691 369
- VAT Receivable	-	-	-	-	-	-	-	-	-
- Other Receivables	-	5 820 303	-	-	-	-	-	-	5 820 303
	-	6 140 085	-	-	17 263 443	3 310 795	2 598 913	5 691 369	35 004 605
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	12 671 029	-	-	-	-	-	12 671 029
- Property Rates	-	10 567 521	-	-	-	-	-	-	10 567 521
- Property Rates	-	-	-	-	661 847	-	511 503	262 779	1 436 128
	-	10 567 521	12 671 029	-	661 847	-	511 503	262 779	24 674 678
Capital Assets:									
- Property, Plant and Equipment	-	1 040 720 697	-	-	-	-	-	-	1 040 720 697
- Intangible Assets	-	207 014	-	-	-	-	-	-	207 014
- Investment Property	-	92 199 290	-	-	-	-	-	-	92 199 290
- Heritage Assets	-	8 451 512	-	-	-	-	-	-	8 451 512
	-	1 141 578 512	-	-	-	-	-	-	1 141 578 512
Total for Financial Position	**-**	**1 158 286 118**	**12 671 029**	**-**	**17 925 290**	**3 310 795**	**3 110 416**	**5 954 148**	**1 201 257 795**
Capital Expenditure									
Property, Plant and Equipment	-	84 149 693	-	-	-	-	-	-	84 149 693
Total for Capital Expenditure	**-**	**84 149 693**	**-**	**-**	**-**	**-**	**-**	**-**	**84 149 693**

APPENDIX A

HESSEQUA LOCAL MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Details	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2023	Received during the Period	Interest Capitalised	Redeemed/ Written Off during Period	Balance at 30 June 2024
				R	R		R	R
ANNUITY LOANS								
ABSA Bank	10.20%	4068858722	30/06/2027	10 424 138	-	4 577	(2 234 703)	8 194 012
Development Bank South Africa	8.90%	61007148	30/06/2023	-	-		-	-
Development Bank South Africa	9.98%	61007233	30/06/2024	3 732 508	-		(3 732 508)	-
Development Bank South Africa	9.20%	61007562	30/06/2029	21 101 827	-		(2 782 574)	18 319 253
Standard Bank	11.26%	536633	30/06/2026	18 098 506	-		(5 383 726)	12 714 780
Standard Bank	7.78%	606256	30/06/2030	22 895 767	-		(2 577 414)	20 318 353
Standard Bank	8.75%	654745	30/06/2031	51 819 410	-		(4 706 605)	47 112 805
Standard Bank	11.54%	797131	30/06/2033	40 037 940	-	(37 940)	(2 287 199)	37 712 801
Total Annuity Loans				**168 110 095**	**-**	**(33 363)**	**(23 704 729)**	**144 372 004**
TOTAL EXTERNAL LOANS				**168 110 095**	**-**	**(33 363)**	**(23 704 729)**	**144 372 004**

APPENDIX D

HESSEQUA LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

2023 Actual Income	2023 Budgeted Income	2023 Actual Expenditure	2023 Budgeted Expenditure	2023 Surplus/ (Deficit)	Description	2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration Services					
70 147 215	55 453 000	32 276 231	31 600 495	37 870 984	Executive and Council	23 106 292	17 576 054	31 665 055	33 443 032	(8 558 763)
171 480 881	159 744 010	62 300 295	65 425 977	109 180 586	Finance and Administration	196 317 326	164 137 820	61 900 140	72 161 883	134 417 187
-	-	1 935 510	2 223 896	(1 935 510)	Internal Audit	-	-	1 933 826	2 341 624	(1 933 826)
					Community and Public Safety Services					
8 899 381	10 799 998	22 931 066	23 978 469	(14 031 686)	Community and Social Services	10 648 063	13 006 800	24 726 098	28 118 317	(14 078 035)
58 776 427	61 704 749	72 267 611	80 059 233	(13 491 184)	Public Safety	60 123 673	63 838 893	76 758 322	85 525 738	(16 634 649)
14 613 310	15 823 165	30 440 076	33 862 867	(15 826 767)	Sport and Recreation	14 940 218	16 665 674	31 811 516	34 391 318	(16 871 298)
					Housing Services					
31 180 512	41 681 766	31 668 012	41 664 851	(487 500)	Housing	22 665 786	38 823 111	24 633 901	34 810 322	(1 968 115)
					Economic and Environmental Services					
585 326	712 114	5 699 801	5 763 292	(5 114 474)	Environmental Protection	548 174	660 341	5 720 564	6 071 648	(5 172 391)
7 660 469	3 544 502	11 028 886	12 439 424	(3 368 417)	Planning and Development	9 296 363	7 053 990	11 336 540	13 797 601	(2 040 177)
13 302 167	13 460 666	53 036 853	51 617 251	(39 734 686)	Road Transport	19 952 868	20 623 030	59 855 050	61 678 712	(39 902 182)
					Trading Services					
191 839 165	197 147 293	173 292 850	194 857 261	18 546 315	Energy Sources	225 345 129	295 423 780	190 221 388	197 428 847	35 123 741
31 824 113	32 479 520	24 248 720	34 453 524	7 575 393	Waste Management	48 132 439	46 801 608	41 733 750	36 262 032	6 398 688
32 451 371	35 007 299	39 256 982	41 706 593	(6 805 612)	Waste Water Management	48 856 973	48 537 804	45 039 461	49 929 616	3 817 513
54 875 190	55 269 621	37 596 441	42 443 227	17 278 749	Water Management	79 762 557	77 822 798	47 591 743	50 654 059	32 170 813
					Other Services					
11 822	-	1 177 988	1 219 110	(1 166 165)	Other	-	-	1 263 289	1 291 739	(1 263 289)
687 647 349	**682 827 703**	**599 157 323**	**663 315 470**	**88 490 027**	Sub-Total	**759 695 861**	**810 971 703**	**656 190 644**	**707 906 488**	**103 505 218**
687 647 349	**682 827 703**	**599 157 323**	**663 315 470**	**88 490 027**	**Total**	**759 695 861**	**810 971 703**	**656 190 644**	**707 906 488**	**103 505 218**

APPENDIX F
HESSEQUA LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 0F 2003

Grants and Subsidies Received

Name of Grant	Balance as at 30 June 2023	Total Receipts	Conditions Met & Transferred to Revenue		Repaid Paid back to National Revenue Fund	Balance as at 30 June 2024
			Operating Expenditure	Capital Expenditure		
National Government Grants						
Equitable Share	-	59 164 000	(59 164 000)	-	-	-
Accelerated Community Infrastructure Programme	30 907	-	-	-	-	30 907
Energy Efficiency and Demand Side Management Grant	-	4 000 000	(128 458)	(3 831 542)	-	40 000
Skills Development	863 747	369 558	(346 386)	-	-	886 919
Expanded Public Works Programme	-	1 174 000	(1 174 000)	-	-	-
Integrated National Electrification Grant	-	5 300 000	-	(5 299 615)	-	385
Finance Management Grant	-	1 550 000	(1 550 000)	-	-	-
Municipal Infrastructure Grant	-	16 625 000	(772 951)	(15 852 049)	-	-
Water Service Infrastructure Grant	-	8 300 000	-	(8 299 778)	-	222
Municipal Desaster Relief Grant	-	5 180 000	-	(4 616 348)	-	563 652
Total National Government Grants	**894 655**	**101 662 558**	**(63 135 795)**	**(37 899 332)**	**-**	**1 522 086**
Provincial Government Grants						
Community Development Workers	-	38 000	(37 616)	-	-	384
Department Economic Development & Tourism SMME Booster Fun	89 855	-	-	-	(89 855)	0
Human Settlement Development Grant - Beneficeries	-	22 556 401	(22 295 475)	-	-	260 926
Informal Settlements	-	109 000	(109 000)	-	-	-
Human Settlement Development Grant - Transfer Fees	3 218 629	-	(91 104)	-	-	3 127 525
Municipal Energy Resillience Grant	-	69 000 000	-	(786 813)	-	68 213 187
Municipal Service Delivery and Capacity Building Grant	299 164	-	(46 914)	-	(49 164)	203 086
Transport Infrastructure	-	931 389	(128 981)	(696 860)	-	105 548
Western Cape Financial Management Capability Grant	87 703	200 000	(34 640)	-	(87 703)	165 360
Municipal Water Resilience Grant	309 771	-	(70 446)	-	-	239 325
Emergency Loadshedding Relief	3 800 000	-	-	(3 794 780)	-	5 220
Regional Socio-Economic Project (RSEP) Grant	-	2 100 000	-	(2 098 986)	-	1 014
Thusong Service Centre Grant	-	150 000	(130 429)	-	-	19 571
Total Provincial Government Grants	**7 805 123**	**95 084 790**	**(22 944 605)**	**(7 377 439)**	**(226 722)**	**72 341 147**
Other Grant Providers						
Africana Centre	103 037	-	-	-	-	103 037
Public Participation Strategy	57 086	-	-	-	-	57 086
Syntell	-	775 267	-	(18 250)	-	757 017
Total Other Grant Providers	**160 124**	**775 267**	**-**	**(18 250)**	**-**	**917 141**
Total Grants and Subsidies	**8 859 901**	**197 522 615**	**(86 080 400)**	**(45 295 021)**	**(226 722)**	**74 780 373**